

# MONTHLY BULLETIN OF THE NATIONAL ASSOCIATION OF CREDIT MEN

PUBLISHED BY THE  
NATIONAL ASSOCIATION OF CREDIT MEN,

29-31 Liberty Street, New York.

VOLUME IV.

NEW YORK, MARCH 5, 1904.

No. 2.

## CONTENTS.

	PAGE
Annual Convention, June 15, 16, 17, 1904	1
Committees	2
Membership Matters	2
Amalgamation of Trade Reporting Bureaus	3
Local Investigation and Prosecution Bureaus	3
Revision of Constitution and By-Laws	3
Secretary-Treasurer Prendergast Addresses Bankers	3
Mr. William H. Preston	3
Legislative Matters	4
Obituary, John E. Hurst, Baltimore	4
Boston Credit Men Working for Bulk Law in Rhode Island	6
"The Granting of Credits on a Liberal or Conservative Basis." Address delivered by Chas. W. Russell, of M. E. Smith Co., Omaha, Neb., before the Omaha Credit Men's Association	9
"Co-operation." Address delivered by Eugene S. Elkus, of the Elkus-Brenner Co., San Francisco, before the San Francisco Credit Men's Association	12
"Plan for Adjustment of Credits." Address delivered before the Kansas City Credit Men's Association by Ed. M. Smith, National Bank of Commerce, Kansas City	16
"Excessive Discounts." Address by Robert Haas of San Francisco, before the San Francisco Credit Men's Association	19
"The Part the Credit Man Plays in His House." Address by Lucian B. Hall of Benton, Myers & Co., Cleveland, before the Cleveland Credit Men's Association	21
"Credit Indemnity." Address delivered by J. Percival Phelan of the American Credit Indemnity Co., St. Louis, Mo., before the Kansas City Association of Credit Men	22
LOCAL ASSOCIATION NOTES:	
"The People's College." Address by John W. Cook, LL.D., before the Chicago Credit Men's Association	28
"American Finance." Address by Hon. Jas. H. Eckels before the Chicago Credit Men's Association	29
"Assets." Address by Dr. Emil G. Hirsch before the Chicago Credit Men's Association	30
The Denver Association Establishes an Adjustment Bureau	34
The New York Association Rambles	38
"Commercialism." Address by Ex-Governor Merriam of Minnesota before the Pittsburg Association of Credit Men	42
Directory of Standing Committees	45
Directory of the National Association of Credit Men and Affiliated Branches	46

## NATIONAL ASSOCIATION NOTES.

Annual Convention, June 15, 16, 17, 1904.

The member who fails to attend the next Annual Convention, to be held in New York City, will forego the greatest event in the history of the Credit Men's Association. The work of preparing for the Convention was entrusted to a most representative committee early last October.

## Legislative Matters.

### KENTUCKY.

A bill regulating sales of stocks of goods in bulk has been passed by the Kentucky Legislature, and now awaits the Governor's signature.

### DISTRICT OF COLUMBIA.

A bulk bill following almost entirely the lines of the Minnesota statute, except as to the time notification, was favorably reported by the District of Columbia Committee of the House of Representatives to the House on February 4th.

### IOWA.

At the present time a bulk bill is before the Iowa Legislature, but the outcome of the proposed legislation we are unable to anticipate at this date.

### SOUTH CAROLINA.

The South Carolina Legislature adjourned without passing a bulk bill, although the credit interests of some southern cities had been given assurances that one would be introduced.

### NEW YORK.

A bill amending the present New York bulk law, so as to make it correspond entirely with the National Association's general bill was introduced in the Senate February 25th by Senator Lewis of Rochester.

### RHODE ISLAND.

The efforts made to secure a bulk bill in this State will be explained more fully in another article in this issue entitled "Boston Credit Men Working for Bulk Law in Rhode Island."

### PENNSYLVANIA.

The Pittsburgh Association is working actively on the preparation of a bulk bill for introduction at the next session.

### BILL FOR AMENDMENT OF NEW YORK GARNISHMENT LAW.

A bill is pending in the New York Legislature amending the garnishment law, passed at the session of 1903, making the salary limit \$12, instead of \$20. All New York members interested in this measure are urged to address the Codes Committee of the Assembly, in order that the Committee may understand the desires of business men in relation to the measure.

---

## Obituary.

### JOHN E. HURST, BALTIMORE.

Among the notable figures in our commercial life who have passed away since the new year is John E. Hurst, of Baltimore, and we cannot forbear the thought that he was spared the pain of seeing the splendid establishment which was his business monument destroyed in the holocaust of February 7, for it was in the building which took its name from him that the great Baltimore fire started and developed into one of the greatest municipal calamities in the history of the world.

Mr. Hurst was born October 21, 1832, at Wear Neck Farm, on the Great Choptank River, three miles from Cambridge, Md. His father was the late Stephen Hurst, a farmer and local preacher of the Methodist Episcopal Church. His father died in 1847, and shortly afterward his mother moved to Cambridge, and he entered the Cambridge Academy.

After remaining at the academy for two years he decided to come to Baltimore, and at the age of 17 years secured a position with Hamilton Easter & Co. He remained there one year and then became an employee of the firm of Hamilton & Sons. He remained with them seven years, going from there to Hurst & Berry's. His uncle, the late John Hurst, was the senior member of the firm, and the place of business was located at what is now 7 West Baltimore street.

#### BUYS THE BUSINESS.

In 1857, Mr. Hurst, with his cousin, the late William R. Hurst, purchased the good will and stock of Hurst & Berry, and Mr. Hurst began his first business venture for himself, the firm name being Hurst & Co. Subsequently they moved to 13 West Baltimore street, and in 1868 Mr. William R. Hurst died and Mr. Hurst became associated with Mr. Littleton P. Purnell and Capt. Alfred Maddox, under the firm name of Hurst, Purnell & Co.

The firm continued to prosper and the business to increase until July, 1886, when the place of business was moved from Baltimore street to German, Sharp and Lombard streets. In 1872 Mr. Lloyd L. Jackson was added to the members of the firm.

On January 1, 1895, the firm was reorganized under its present name. John E. Hurst & Co., the members of the firm being Messrs. John E. Hurst, William B. Hurst, A. C. R. Wilson, William E. Clarke, Henry S. Hurst and John E. Hurst, Jr. On January 1, 1896, Mr. Clarke retired from the firm and Mr. M. F. Burgess was admitted.

The firm of John E. Hurst & Co., wholesale dry goods and notions, of which Mr. Hurst was the senior member, has been built up from a small beginning to a position second to none in the country largely through the efforts of Mr. Hurst. The bulk of the firm's trade came from the Southern States, and it handled by far the largest trade from that section of any concern in the line. Although the firm would never make a statement of its volume of business, it is estimated that it amounted to nearly \$5,000,000 annually, and this immense business has always been managed on such a conservative and safe basis as never to be affected by the numerous financial and mercantile panics which have visited this country since it was organized.

In addition to his mercantile business Mr. Hurst was identified with a number of the most substantial institutions of the city. He was formerly president and then vice-president of the Merchants and Manufacturers' Association, a director in the Mercantile Trust and Deposit Company, vice-president and a director of the National Exchange Bank, a director in the Eutaw Savings Bank, a director in the Fountain Hotel Company (New Carrollton Hotel), a director in the Ashland Manufacturing Company, a director in the Board of Trade, a trustee of the Johns Hopkins Hospital, a director in the Maryland Club and the Merchants' Club, a member of the Elkridge Fox Hunting Club and a liberal contributor to the horse show.

Mr. Hurst was a man of great charity, although not in the least ostentatious in his gifts, preferring to do good deeds without any flourish of trumpets. He found time to devote much attention to the affairs of

the Samuel Ready School, in which he was a director, and always took a deep interest in the welfare and comfort of its inmates.

One of his most recent benefactions was a donation of \$20,000 toward building the Hospital of the United Charities at Cambridge, Md., and on the occasion of the laying of the corner stone of the building, on May 26th last, he was the guest of honor.

In October last, when Mr. Hurst celebrated his seventy-first birthday anniversary, the employees of the firm gathered at his home and presented a handsome silver punch bowl to him. Probably nothing that ever happened in his career ever gave him more pleasure, some of his intimate friends think, than this gift, and it is said he broke down when he attempted to reply to the speech of presentation. He delighted in telling of the gift.

#### **Boston Credit Men Working for Bulk Law in Rhode Island.**

On Friday, February 5th, President John R. Ainsley, Secretary Chas. L. Bird and General Counsel Wm. M. Morgan, of the Boston Credit Men's Association, visited Providence, R. I., and addressed the Rhode Island Business Men's Association on "Regulating the Sale of Stocks of Goods in Bulk."

We are pleased to give the following reported account of the meeting:

Many well-known business men were present when Vice-President Charles S. Bush called the meeting to order. He introduced as the first speaker Mr. John R. Ainsley.

Mr. Ainsley during the course of his remarks said:

"You know that all kinds of merchandise are sold on credit, that credit terms vary from ten days to a year, according to the line of business, and that this system opens opportunity for loss in many ways. Losses are expected, however, by all who conduct business on credit, as there are so many contingencies continually arising which cannot well be foreseen or prevented. Industries cease to exist by reason of change in fashion or demand or move to other locations. Lack of ability, lack of capital, inattention to business, ill-health, death are some of the causes tending to produce failures.

"Some protection in these cases is afforded by the provisions of the National Bankruptcy law, but our collection laws should be such that the dishonest debtor should be compelled to pay his debts to the full extent of his means, and also provide proper protection against fraudulent transfers of property.

"Of all causes of mercantile failure, the one most feared by merchants selling goods on credit is fraud. Dishonesty is the one prominent curse of the credit system, and that community will command the greatest business confidence and enjoy the most liberal commercial privileges whose laws give fullest protection against fraud.

"We have the firm conviction that no honest merchant, desiring to discontinue business and dispose of his stock, would object to such information as the Massachusetts act requires, or that it would operate in any way to prevent legitimate transfers. We believe that its enactment here would act, as it has in Massachusetts, as a deterrent against fraud, and that many nefarious schemes which, under our present laws, have been successfully consummated in the past would not be attempted or even thought of.

"The Boston Credit Men's Association is deeply interested in having similar legislation passed in your State. Boston, being the largest market



in the New England States, was naturally the first to feel the necessity of the protection which this law affords, and having secured the law in Massachusetts, we feel that those dealers in Massachusetts who would be the offenders, if they dared, should be prevented from transferring their stocks to the neighboring New England States, where they might carry out the schemes which this law prevents them from doing at home."

Mr. Ainsley concluded his remarks with an extensive review of the origin and work of the Credit Men's Associations.

The next speaker was William H. Morgan. He said in part:

"The credit system, which to-day is such an important factor in the commercial world, began in a primitive way as early as the Phœnicians, nearly three thousand years ago, established their colonies and built such flourishing cities as Carthage and Tyre on the Mediterranean.

"It was of considerable importance during the middle ages, growing continually thereafter, but its vast extension dates from the development of commercial industry connected with America, when trade was so greatly extended by the use of steam and the electric telegraph.

"Credit is a mighty organ of industry, whose operations are co-extensive with the world, and it has gone hand in hand with the development of modern industry.

"It is stated that nineteen-twentieths of the business of to-day is done on credit. This is easy to believe, when we consider the enormous amount of business as compared with the money in circulation.

"Under the credit system, individuals, firms, corporations, municipalities, States and nations have grown and flourished to an extent beyond comparison to what they would otherwise have done, if the credit system had not existed.

"From the very nature of things the credit system is absolutely indispensable to commercial progress. Credit is simply confidence in the honesty and ability of the person to whom it is granted. Credit's greatest foe has always been the fraud of the person in whom the confidence has been reposed.

"The present bankruptcy law, which is a splendid piece of legislation as it stands to-day, superior to any of its predecessors, was enacted largely for the purpose of carrying out justice in providing equal distribution of an insolvent's property and providing that the administration of his estate should be done by some one more likely to make equal distribution.

"The bankruptcy law does not, in terms or effect, provide a remedy for what has grown to be a pernicious practice, the selling of stocks of merchandise, unpaid for, out of the ordinary course of business, in bulk. This is generally done by insolvents not possessed of that due regard for obligations which they owe to their creditors who have furnished them with, perhaps, the very merchandise which they have sold in this way. To such an extent has this practice grown that dispensers of credit have risen, as it were, almost in a body and asked for legislation to give them better protection from this evil. Within a comparatively short time twenty States have passed laws to correct this—California, Colorado, Connecticut, Delaware, Georgia, Idaho, Indiana, Louisiana, Maryland, Massachusetts, Minnesota, New York, Ohio, Oregon, Oklahoma, Tennessee, Utah, Virginia, Washington and Wisconsin. And similar measures are being agitated in several other States.

"Permit me to call your attention to some of the features of the Massachusetts law. It forbids no sale, under any circumstances. It is regulation, not prohibition. It applies only to sales of merchandise 'in bulk,' such as are not usually made in the ordinary course of business. It applies only to sales which are actually out of 'the ordinary course

of trade and the regular and usual prosecution of the vendor's business.' The sale is void only as against the vendor's creditors. The statute extends no farther than to remedy the particular mischief aimed at.

"The information furnished by the inventory and list of creditors required by the statute ought to be asked for and given in any honest sale. The requirement to show the cost price is not absolute, but calls only for 'reasonable diligence.' The vendor's oath is only 'to the best of his knowledge and belief.'

"The notice to creditors is a reasonable requirement, as the vendor has parted with what, presumably, constitutes the basis of his credit and the fund upon which his creditors rely for payment. Five days is no more than a reasonable time to enable absent or distant creditors to receive the notice and act upon it, if they need to.

"The plain purpose of the statute is to prevent the fraudulent midnight sales of stocks of goods which are familiar to every merchant and every lawyer. The effect of the statute is to prevent secrecy and undue haste in the sale of a stock in bulk.

"The essence of the act is the notice to creditors. This gives to the wholesaler an opportunity to ascertain whether the transaction is an honest or fraudulent one. It enables him to ascertain whether the merchandise to be sold is upon advantageous terms. It lets daylight into the transaction, and if such sale is an unjust or fraudulent one it gives creditors an opportunity to exercise such rights as they may have to prevent it.

"The great objection which has been urged against this kind of legislation is that it is unconstitutional, the claim having been that it deprives persons of their property without due process of law and that it is class legislation.

"The Massachusetts statute was before the Massachusetts Supreme Judicial Court in December last, solely upon the question of its constitutionality, and in January there was handed down the unanimous opinion of the Court sustaining its constitutionality.

"Such legislation was needed in Massachusetts, and it is also needed in Rhode Island. In order to regulate the sale of stocks of merchandise in bulk there should be uniform legislation in all the States. The statute has been effective in Massachusetts, and it would prove so with you. The Massachusetts statute is recommended for your adoption because it has been tried and not found wanting."

Charles L. Bird's remarks were confined to a description of the steps taken by the Credit Men's Association of Boston in getting the Massachusetts law enacted.

At the conclusion of Mr. Bird's address an interesting discussion on the general topic of credit, particularly that feature of it dwelt upon by the three speakers, was entered into by Alderman Pike, of Somerville, Mass.; Mr. Arnold, of Boston, Chairman of the Legislative Committee which was instrumental in securing the enactment of laws covering the subject in Massachusetts, and Messrs. Leander C. Belcher, Nathan A. Briggs and George W. Williams, of this city.

A cordial vote of thanks was tendered the speakers by the Rhode Island Business Men's Association, and it was voted that Vice-President Charles S. Bush appoint a committee of five at his leisure to endeavor to secure the enactment of similar laws in this State at the present session of the General Assembly. It was the opinion of the business men at the meeting that such laws if placed in effect in Rhode Island would tend to improve conditions.

## "The Granting of Credits on a Liberal or Conservative Basis."

ADDRESS DELIVERED BY CHAS. W. RUSSELL, OF M. E. SMITH CO., OMAHA, NEB.,  
BEFORE THE OMAHA CREDIT MEN'S ASSOCIATION, FEBRUARY 18, 1904.

Since the introduction into the large mercantile institutions of the country of organized Credit Departments the subject of credits has become more or less of a science and is governed by principles that are in some degree fixed. Information regarding the financial condition of the debtor has become cheap and is easily accessible. This information may not be infallible in each instance, but the failure statistics of both the Dun and Bradstreet agencies show that for practical trade purposes it can be sufficiently relied upon. If it may be conceded that the credit files contain full and complete reports that to the trained eye fairly reflect the debtor's condition, we may leave this part of the subject to the reporting agencies, and only consider to-night a few of the abstract principles that in a certain degree govern the question as to how far we ought to go in taking on accounts that are hazardous or extra hazardous.

The books of the larger firms contain among other accounts two classes that are very clearly defined. The first are the accounts of those merchants who meet all the requirements of a perfect credit risk, in character, honesty, business ability, capital and all other essentials to complete success. There may be some losses from this class of accounts, arising from floods, conflagrations or other inevitable accidents, but they will be few in number and such that no human agency could foresee or prevent. The second class are the accounts of those who are the exact opposite of the first class, and are deficient in every essential to good credit. They are the freebooters in business, whose failure is only a question of time and opportunity, and who are carried along from month to month and from season to season in the hope, often deceptive, that the profits from their business will offset the loss that is sure to follow upon the day of disaster. "There needs no ghost come from its grave" to tell the credit men how to handle accounts of this kind.

But lying between these two classes there is a large class of accounts that partakes somewhat of the character of each, and that in number and amount exceeds them both. This is a class that cannot be well defined. It includes all beginners in business pursuits, the clerk who has become proprietor, the farmer who has turned merchant, the cobbler who adds a few dozen shoes from the jobber, the physician who compounds his own prescriptions. It also includes those who have gone on from year to year and have neither achieved success nor met with failure, bankrupts who have re-embarked in trade with an honest purpose to recoup their fortunes, the untried, unclassifiable multitude that compose perhaps a majority of the, approximately, 1,300,000 firms and corporations following trade pursuits in the United States.

Perhaps a further classification might be attempted that, in theory at least, would simplify the question. There are certain business ventures that, although begun with insufficient capital or by inexperienced or even at the time incompetent men, yet show progress from year to year, and despite all obstacles the business moves constantly forward. On the other hand there are enterprises started perhaps under favorable conditions, that either remain stationary or show signs of retrograding. Where it is possible to distinguish these two classes it is possible to be liberal with safety or to be conservative without criticism. The difficulty lies in discriminating between the two classes and, as it is an inherent difficulty, may add but little of practical value in judging of credits.

The volume of business which these hazardous accounts bring to

the jobber in all lines is too large and profitable to be ignored by an aggressive house, and even conservatism must be wise enough to recognize it. Each and every one of the accounts of this description presents a question for the judgment and shrewdness of the credit manager to solve, and the manner in which he solves it will determine the character and the reputation of his house. If his liberality in handling them degenerates into recklessness and looseness, this fact will become known and the lame, the halt and the blind will flock to him as to a house of refuge. Salesmen will follow the lines of least resistance and solicit their orders from those who buy most freely and with least regard for the day of settlement. Failures will be frequent, large amounts will be tied up in overdue accounts, the standing of the firm will suffer, its credit will be impaired and in times of stress the business will be seriously handicapped, and fictitious profits will disappear. If on the other hand he pursues a course too conservative, his more liberal competitors will secure the business and profits and leave to him and his associates small dividends and the reputation of being a back number.

There are, however, other and more general conditions to consider in shaping a policy to pursue in granting credit. The ability of the debtor to pay is, of course, the specific consideration. But different lines of business reach different classes of trade, and credit policies must be established accordingly. For example, the packing houses have for an outlet for a very large part of their products the retail butchers, and while they extend credit freely they do so under conditions and with restrictions that in other lines would be harsh and oppressive. The dealer who sells horseshoes must sell them to the horseshoer and the blacksmith and must not look for too large a capital rating among this class of customers. On the other hand the clothing, implement and the dry goods lines, selling time as well as merchandise must find an outlet for their wares where large credits may be safely extended and terms of payment made more liberal.

Another matter that must be given consideration is the territory in which the jobber is located. Business attempted outside of natural tributary territory is generally unprofitable and unsatisfactory, and railway service and freight rates usually mark limits that are well defined and within which the jobber must confine his efforts. The credit policy must meet the conditions prevailing in his territory. If it be a new country in which merchants are largely new to their surroundings, where the resources of the country are partially or but imperfectly developed, where crop failure or other calamity may mean more than ordinary disaster, there may be hazards which a credit man must assume or abandon the territory. In older communities where conditions are more settled and where there are larger funds of invested capital it may not be necessary nor wise to assume these hazards.

A further proposition to consider is the general conditions prevailing at the time credit is extended. In seasons of great national prosperity, when the times are buoyant and there is activity in all lines of business, extraordinary caution may for the time being be put aside and credits expanded almost without limit. It is well, however, to bear in mind that reaction always follows undue expansion and panics and depression succeed booms and inflation—and it may be wise in times of greatest prosperity to drive with a firm rein and be prepared to use the brake at the first sign of danger; for accounts taken on in such times, and limits of credit too liberally extended, cannot be abandoned, or reduced upon short notice without serious shock to the business and frequently heavy losses. Yet we all clearly recognize the fact that much less conservatism is



required in years such as we have recently passed through than in such years as immediately followed the panic of '93.

Another branch of this subject which is worthy of careful study is that branch of the credit department which controls the collection of accounts. This, to my mind, is the most important service of the credit man, as it affects the loss account and the interest account equally. It is here that the widest difference of policy prevails as between different lines of business and different houses in the same line. One house may be very discriminating in opening accounts, but, having once accepted them, allows the utmost license in the line of credit and in time of payment. Another house may be far more liberal in opening accounts, but will insist upon prompt settlement at maturity of bills. The one house binds its customers to it by a sense of dependency and furnishes, not only credit, but working capital. The other fights for business in the open market and looks for its patronage from those whose condition places them in an independent position and enables them to make their purchases in the market that offers the best inducements. The one requires a large outlay of capital, demands large profits, and is too heavily weighted for fleetness. The other turns capital invested more frequently, becomes more alert and aggressive and in the end distances its competitor in the race for business. The Missouri River jobbers with few exceptions are known as sharp collectors—and this fact has been one of the important means of giving them prestige with the best trade of the river territory, and of breaking down the prejudice against them that first existed and has not yet altogether disappeared. The rapid and steady progress made by these river houses is sufficient justification of the policy they have pursued.

In the matter of collections, however, the same general propositions as before enumerated must be recognized. Different lines of trade must be treated with different degrees of liberality. Temporary or permanent conditions of the territory we cover must meet with temporary or more or less permanent indulgence; general prosperity or depression must be given its due weight. In addition to these general conditions the specific necessities of individuals must be considered and our policies made broad and elastic enough to reach their needs, to tide them over temporary difficulties, and respond to their reasonable requirements for success in their business. These indulgences, while they may tie up considerable sums in certain seasons of the year, are necessary to the well-being of the business and save from failure a large number of persons whose embarrassment is only temporary. There is, however, a wide distinction between these temporary indulgences and a recognized policy of carrying customers for large amounts from year to year. The merchant who leans too heavily upon his jobber or his banker does not meet with as great success as the independent merchant, and experience shows that the jobber who reaches the prompt-paying trade controls a larger volume of business than his neighbor who caters to the other class.

I hope in the foregoing remarks I have not made myself understood as favoring a narrow or over-cautious policy of credits. I believe in the contrary doctrine, advocating a liberal, broad and comprehensive policy, only tempering liberality with a certain strictness and alertness that is wholesome to both the buyer and seller, and guarding against prodigality and looseness that add no benefits to either him that gives or to him that receives.

In studying the growth of credits in this country it is impossible to escape profound admiration for the system that has been gradually built up, until at the present time figures fail to adequately convey to the mind the magnitude of its proportions. Statistics have been compiled which

companies in New York City, including the First National, the National City and the Bank of Commerce, the three greatest banks in the country, and the head of important chains of financial institutions, for two banks and three trust companies in Philadelphia, for two banks and two trust companies in Chicago; for one bank and two trust companies in Boston; and for one bank and one trust company in Pittsburg, besides banking institutions in smaller cities. Telephone, electric, real estate, cable and publishing companies are represented there, and our greatest merchant sits at the board table.

While this group of directors is headed by the richest individual in the world, it is not the personal, but the representative co-operative wealth of these men that makes this group so powerful. They control corporations whose capitalizations aggregate more than \$9,000,000,000, an amount (if the capitalizations are real values) equal to about the combined public debts of Great Britain, France and the United States.

Co-operative communities and commercial enterprises have been in existence much longer than one might think who has not investigated.

In Siberia, the Burites, who number about 250,000, have been working on a co-operative plan for about 900 years.

In 1777 a tailors' co-operative workshop was opened in Birmingham.

In 1817 the Sheerness Co-operative Society was formed to supply its members with wheat and flour and butchers' meat, otherwise unobtainable by the poor working people.

In 1820 a co-operative printing office was opened. In many places co-operative societies began to appear in various towns in Great Britain. Three were established in London by a society for promoting co-operative knowledge, which between 1830 and 1834 held three congresses of co-operators.

Many of you have good cause to know the Rockdale Stores, especially on your P. & L. account. You may not, however, be familiar with their origin. The original Rockdale store was started in Lancashire, England, in 1844. Twenty-eight men formed this new society. They began with a capital of inside of \$150, which had taken a long time to collect. The store opened on a plan of selling for cash at current retail prices, giving shareholders a fixed interest of 5 per cent. and dividing profits among customers after deducting a small percentage of  $2\frac{1}{2}$  per cent. for educational purposes. This institution has made a phenomenal success, its branches and similar co-operative societies being scattered throughout Great Britain.

In the last forty years the membership of co-operative societies of this character has increased from 48,184 to over 2,000,000, in fact representing about one-seventh of the population of Great Britain.

In Finland there are about 600 dairies. They formerly exported practically no butter. Since they have co-operated for the marketing of it they have gradually created an export trade, until now they ship every week on an average of 50,000 kegs, containing 50 kilos, or about 110 pounds, each. Before they co-operated, butter was only worth from 8 to 15 cents. Now the minimum price they receive is about 22 cents. The expense of marketing this product is not quite 2 per cent.

Eighty miles from Paris is located the famous Familistere of Guise, where 5,000 people flourish on the co-operative plan.

In the United States there are nearly 9,000 societies for co-operative production and distribution, with nearly a million members and doing a business of about \$150,000,000 a year; about 3,800 co-operative creameries, with 300,000 members and a production of about \$80,000,000 a year; 4,000 farmers' purchasing and distributive societies, with 500,000

members; and fruit growers' co-operative organizations, with a membership of about 100,000. There is a Rockdale co-operative store in Lawrence, Mass., with over 4,000 members and \$500,000 annual sales.

Co-operative stores, I might incidentally mention, have not been as successful in the United States as they have been in Great Britain. There are a little over 200 co-operative stores in this country, with about 60,000 members and between \$7,000,000 and \$8,000,000 of business, in contrast with 5,000 stores in Great Britain, with nearly 2,000,000 members and \$400,000,000 of business. There is a co-operative department store in Milan that does a business of \$1,250,000. In Rome a co-operative store, with 15,000 members, sells \$1,500,000 per annum.

Denmark's co-operative creameries handle four-fifths of the milk produced in the country and makes \$35,000,000 worth of butter a year.

I have now given you in a general way illustrations of what co-operation has done. Let us now treat the subject as applied to ourselves.

I had a memorable lesson in co-operation when I was a school boy. I had serious trouble with another fellow and gave him what I thought to be a good licking. After school that day, however, he got a friend of his to co-operate with him and the result was that I had black and blue marks all over me, and was unable to attend school for a week as the result of this co-operation.

Many of you are members of the Merchants' Credit Association, not our Association, but an organization formed mainly for the mutual exchange of trade information, which has resulted in its members reducing their profit and loss accounts tremendously. One of the largest grocers (not the house represented by the President of the Association, either) states that his former percentage of loss was from  $\frac{1}{2}$  to  $\frac{3}{4}$  per cent., but since he has been a member his losses have fallen to about 18-100ths and that he unreservedly gives credit for this reduction in losses to that institution. The membership of this Association has remained firmly intact after ten years, which is a practical illustration of how co-operation in this organization has proven itself successful.

Let us now go to our own Association. We have been fairly successful. We have over 200 members, some of them representing the largest houses on the entire slope. We have had a law passed preventing the sale of stocks in bulk, which you all know has been of immense benefit. Our collection feature, with no expense to members, has already collected over \$75,000. It has brought about a more cordial feeling among its members, and ledgers are now thrown open to fellow-members where they never were before. We have all been benefited by the literature sent to us monthly, without cost.

We, however, are in our infancy. There is no reason why our membership should not vastly increase. This can only be brought about by the members we have taking a more active interest than they have in the past. Here is where we must have co-operation. A member who pays \$12 per year because through our collection feature he saves many times this sum, thereby not being compelled to put accounts in attorneys' hands, is but little help to the Association. A member who may have joined, feeling ashamed not to do so on account of the fact that he has probably saved thousands of dollars owing to the Association work in having passed the bulk bill, is not assisting us in our work. Co-operation in this great work of ours does not mean the paying of \$1 per month dues. It does not mean mere passive acquiescence in what we may do. What it does mean is that we must go way down deep in our hearts and minds, and tear away the weeds of inactivity, and stand together,

each one helping the other to build up the commercial standard of trade on the Pacific Coast, either rejuvenating or retiring to a back shelf all mercantile fossils.

There are some men so slow and behind the times that they remind one of a farmer who was one day entertaining a guest. That morning, while the guest and farmer were talking, the clock struck four, and the guest said, "My friend, your clock must be wrong." The farmer turned around slowly and said, "Certainly not, sir; the clock is all right; whenever it strikes four, I know it is exactly twenty minutes to twelve."

Our worthy Secretary informs me that there seems to be a misunderstanding as to the real purpose of this Association by many members and others. That members look on it simply as an expense, and when January 1st comes around and they commence pruning their expenses for the ensuing year, and it takes considerable argument to convince some of them not to look on our dues as simply an expense. Of course, people are liable to err. In fact, I remember a very strong case of this kind. When I was in New York last winter it was quite stormy. I stopped with a relative living up town. I went to the umbrella rack and tried several umbrellas to see if any were in good order, and of the five they were all defective in some way, so I took them along with me to have them fixed. I left them at an umbrella shop with orders to have them ready at 5.30, when I would start for home. At lunch hour I dropped into a Broadway restaurant, and on finishing my lunch, I presume, having umbrellas in mind, I picked up one that was near me and started out, when an old lady jumped up and said, "Here, young man, give me my umbrella." I profusely apologized and returned the umbrella and dismissed the matter from my mind. That evening, on finishing work, I stopped and got the five umbrellas that were repaired, bought an evening paper and took the car home. I had not been reading it very long before I had a feeling that some one opposite was staring at me. I gradually raised my eyes from the paper, and who should I see seated opposite but the old lady. She smiled a couple of minutes, and at last said, "Well, young fellow, you had a pretty good day after all."

Let us not make a mistake as to the Credit Men's Association. This Association is not an emotional contrivance for enabling others to escape the responsibility of making exertions on their own behalf. The cost must not be figured as an expense, as in reality it is a money saver to every member, if not directly, indirectly. Look at the conditions to-day of the wholesale district and compare them with a few years ago; see how much more up to date the methods are; note how much more closely associated the merchants are for a common good. These conditions have been brought about almost entirely by the Credit Men's Association and kindred associations.

As "authority is the equilibrium between liberty and power," as "free government is the equilibrium between authority and individual action," so let us make the Credit Men's Association in the future the equilibrium between the retail merchant and the wholesaler, whereby we will treat the retailer with equity, and by co-operation command just treatment for the wholesaler in return.

#### **"Plan for Adjustment of Credits."**

ADDRESS DELIVERED BEFORE THE KANSAS CITY CREDIT MEN'S ASSOCIATION  
AT THE COATES HOUSE, KANSAS CITY, MO., FEBRUARY 12, 1904, BY  
ED. M. SMITH, WITH NATIONAL BANK OF COMMERCE.

Let me say in the beginning that the plan that I shall present to you



this evening is not considered perfect, nor approximately so. In fact, it is only tentative.

It is presented with the hope that some of its features may be suggestive and useful in the final elaboration of some plan that will be adapted to the demands of trade.

Allow me to say that I am not a credit man, that is, in the sense in which the members of this Association employ that term, hence I hope that none will expect from me a plan that will solve all the difficulties that are incidental to the credit business. In my own business I have made a number of observations of conditions governing the existing systems of handling credits. I shall submit them to you, with the hope that they may be interesting and that you will give me your approval for having done my best to perform the task assigned to me.

Desiring to consume no more than my share of the time allotted to the speakers who are to address you, it will be impossible for me to discuss the details of my plan. I must limit myself to the presentation of a good outline of its features, and hope that I can do so in a manner that will assist you in the perfection of any plan that you may have in mind. No doubt many will ask what would be done under certain contingencies—and there will be contingencies. Of course, I cannot answer questions now, and for obvious reasons. I will not believe that my duty to you shall have been conscientiously performed unless I leave something for the employment of your own imagination and judgment.

My plan has for its principal objects the following:

- (1) The immediate availability of credits; that is, at the end of each month, or more frequently, if desired.
  - (2) Simplification of existing methods of making collections, always more or less cumbersome.
  - (3) Reduction of expenses in making collections.
  - (4) Simplification of bookkeeping and reduction in expense of same.
- Now then,

#### THE PLAN.

- (1) Establish a company, to be known as the "Credit Adjustment Company," all of its stock to be owned by those who shall place credits with it for payment or adjustment.
- (2) The Credit Adjustment Co. will purchase accounts, notes, or other evidences of credit from its stockholders, and will pay for them their face value, or a certain percentage, whichever may be deemed best.
- (3) Eligibility for membership will be based on a creditable mercantile rating.
- (4) Before purchasing credits, the Adjustment Co. will require that they be insured with a credit insurance company of established reputation and financial strength.

This will place the credit of the Adjustment Co. beyond question, because the perfect quality of its assets will be based on at least two of the most rigid tests that can be applied, namely, those mentioned above in Section 3 and in the first clause of Section 4.

- (5) After purchasing credits, the Credit Adjustment Co. will open in its books an account with the firm from whom purchase is made, giving it credit for face value of such credits.
- (6) The Adjustment Co. will, at the same time, open an account with each firm that will become a debtor.
- (7) After all credits shall have been entered duly in double-entry form, statements of all accounts will then be prepared.

Those showing debit balances will be placed in the hands of a collecting agent (an employee) for collection.

Those to whom balances are due will be given checks for said balances.

Thus far the plan is similar to that of the clearing house, whose methods have been of such great benefit to both the financial and, through it, to the mercantile world.

(8) On presentation of statement to him, the debtor will draw his check (only one) for the balance due from him.

He will receive all bills against him duly receipted, and will deliver all his bills against others duly receipted. This, of course, in case he is a stockholder. If not a stockholder, he will give his check for the total of bills against him.

(9) The Adjustment Co. will employ a clerk whose special business will be the adjustment of disputed accounts. His services will be paid for by a fee of some kind.

It will also be well to have a department in which all calculations in bills, etc., would be verified before being recorded in the books.

(10) Whenever the cash advances required by the stockholders are greater than the capital of the company, the latter will borrow from its bank an amount sufficient to provide its stockholders with the desired accommodations. Observe here that the result will be a great reduction in the amount of money to be borrowed from bank in order to transact the usual amount of business in any given time.

(11) When the stockholder is able to obtain cash for all his credits promptly on the first of each month when they are due and payable, thus having them converted instantly into an instrument of debt-paying power, he is enabled, not only to pay his own obligations promptly, but also to discount them, the result of which is to make a substantial improvement in his credit.

(12) The stockholder will be charged interest on the amount advanced to him in cash, and be credited with interest on amounts collected for him, thus reducing his charge for interest to the time during which he actually uses the money. In other words, the interest would be adjusted as in the case of an ordinary account current.

(13) A fee based on percentage of business will be charged to each stockholder. This fee, with the interest charged for advances, will be sufficient to pay a dividend of 6 per cent. per annum on the Adjustment Co.'s stock, and also to provide a surplus fund of 2 per cent. per annum. This means earnings of 8 per cent. per annum.

(14) The Adjustment Co. will, therefore, be a mutual one, returning its earnings, less the annual surplus of 2 per cent., to stockholders.

(15) Improvement of the credit of stockholders, as shown by the records of the Credit Adjustment Co., will result in a corresponding improvement in credit in your banks.

A further result will be the ability to transact a larger business, by reason of the regular and perfect mobility of capital.

(16) It is a lamentable fact that a majority of merchants are forced to go to banks and borrow in spite of the fact that they hold at the same time bills due and payable far in excess of the amounts they require from the banks for the purpose of paying their own indebtedness.

(17) Not only will there be prepared a perfect record of the transactions, method of doing business, etc., of each stockholder, but also of those who are not stockholders.

By this plan, the aggregate amount of indebtedness of a large number of firms whose financial status is always so difficult to ascertain will be almost accurately known.

## Excessive Discounts.

ADDRESS BY ROBERT HAAS, OF SAN FRANCISCO, CAL., BEFORE THE SAN FRANCISCO CREDIT MEN'S ASSOCIATION, JANUARY 26, 1904.

The first effort in which we should stand together, shoulder to shoulder, and again prove to the business community that this Association is a factor in the commercial interests of the Pacific Coast, should be directed towards the rooting out of the abuse we are subjected to by our customers, in the matter of deducting excessive discounts.

This is felt as a crying want by most of us here present, and by many who, I am sorry to say, are not represented here. It is an object worthy of such an Association as this, and will bring us nearer to the ends for which this Association was mainly organized: for the correction of abuses in the business world.

What is discount? The shortest definition is probably this: The interest which the merchant, who sells on time, is willing to pay for the earlier use of his money than stipulated in the term of sale, and the premium he is willing to pay for the decrease of his liability on outstanding accounts.

The abuse of discount comes in wherever the benefits for which he pays under the above definition are withheld or stolen from him.

I can read from the faces around and before me that each and every one here present could tell more than one little story of the different methods employed by customers, ranging all the way from childlike ingenuity to cold-blooded stealing and the blackest of blackmail.

I wish to cite only one instance, which belongs in a category by itself, that of a customer knowing that he is wrong and trying to make himself and others believe he is entitled to the unjust deduction made. The letter is in answer to an annotation on a statement for \$1.68, 2 per cent. discount deducted on bill April the 18th, although his remittance was mailed 63 days after date of invoice. As our terms are 2 per cent. in ten days, or sixty days, he was clearly not entitled to the deduction, but as he settles a bill of May and June the 2d, mind you, on the 22d of June only, he sweeps—I might say swipes—off the whole 2 per cent. on the whole shooting-match.

The annotation on the statement sent him reads as follows:

"Dear Sirs:—We note that you have deducted 2 per cent. from bill April 18, undoubtedly through an oversight, as that bill has become due and payable. We would thank you, therefore, to kindly send us cheque or postage to balance account, and greatly oblige,

"Yours truly,

"....."

In answer to our polite little annotation, which was intended to make it easy for him to recede from his unfair position taken, we promptly receive by return mail the following advice:

"Dear Sirs:—

"Your statement June 22d with note at bottom received, and in reply would say: As we have always done the bulk of our business with (here follows the name of a well-known grocery concern), would, when we pay them in full, take all discount, and it would be O. K.

"And we of late have been doing quite a little of our buying from you, and took the same liberty. Of course, if we were only buying a small bill now and then, it would be different. At the same time, if you do not care to do the same, we naturally will buy where we can do best.

"Now, we do not mean to say by the above that we take off discount

whether it is long past due or not, nor do we make it a practice of letting bills run very long at any time. Only at times, in a general store, we have heavy discounting to do of bills that have a large discount, but this only happens spring and fall, which, of course, we take before we take the 2 per cent.

"Trusting the above will explain our action in the matter, we remain,

"Yours truly,

"....."

This is not made up. I hold the original of this letter in our office, and, for that matter, it may have been received by any one, and undoubtedly similar missives are filed in many an office.

To begin with, it would seem that the customer discounts his dry goods bills with our money. Probably this accounts for the current idea that there is more money in the dry goods business than in the whole bunch of others. But, joking aside, when I picked out this instance from a great many other ones I could have cited, it was because it brings the issue home to us, where it belongs, better than any other illustration I could use. It clearly shows where the fault, not principally, but wholly, lies. It is not with our customers, but right here with us, because, after all, this is an age where people will take all they can get, and little do I really blame the retailer who wants us to be as liberal as our neighbor across the street or around the next corner.

It shows to us at the same time where the remedy must come from: not through letters addressed by this Association to the customers—this scheme has proven a failure when we tried it in the endeavor to correct the out-of-town-check evil—but if any letters are to be sent they should be addressed to our own wholesalers, to our own business community.

I realize that to accomplish anything in this matter will not be an easy thing. It is on account of the tendency to spoil the customer that the San Francisco market has acquired its own reputation, whether it be a remnant of the old Spanish liberality, or whether it is from (let us charitably call it) business-greed, for the sake of getting his order, this nasty feature is here, and should be enumerated to strangers and visitors among the special features of this fair city (if it were anything to be proud of).

Here lies the stumbling block for any effective reform movement, which (I want to emphasize this) *must begin at home*. I do not doubt that if we members of the San Francisco Credit Men's Association *could feel* we had the full support and sympathy of our firms in our endeavors we could accomplish tenfold as much in one-tenth of the time as it is possible for us to under present conditions.

If we could send back a check which fails to cover in full, which robs us of a dollar or more, and insist upon payment in full, without fearing the censure of the firm, and without being told that they do not wish to lose a customer, we could stamp out this evil in no time. You all realize though that it takes a great deal of moral fibre to be bucking up against those on whose pay roll we are, after all, and even if we do get the satisfaction of not only having a check sent us in full, but having it accompanied by an order, these altercations are not conducive to one's peace of mind, although we may have the conviction of having done our duty, and having done it courageously.

In justice to our firms, be it said right here also that they cannot be blamed so much either on the strength of argument as partly absolves the retailer, for I do not believe that they would willingly throw away



yearly a handsome part of their profits if they had the moral certainty that the neighbor across the street would not hesitate to discountenance this unfair competition.

If I am not mistaken in reading the signs of the times, the period is not far away when our merchants *will have to be more strict*, when they will not be able to throw away, unnecessarily, from 50 cents, nay, to \$5,000 a year from their legitimate profits, when they will need all they can get, and when that time comes we shall have to conduct business on the same basis as it is conducted in Europe and in the East, and then we can apply my remedy.

Let me conclude with a quotation from Carlyle:

"An ideal of right does dwell in all men. In all arrangements, practices and procedures of men, it is to this ideal of right, more and more developing itself, that human society forever tends and struggles."

We may say that any given thing either is unjust or else just, however obscure the arguings and strugglings on it be, the thing itself, there as it lies, infallibly enough, is the one or the other. To which let us add only this, the first, the last article of faith, the alpha and omega of all faith among men: that nothing which is unjust can hope to continue in this world.

### The Part the Credit Man Plays in His House.

ADDRESS BY LUCIAN B. HALL, OF BENTON, MYERS & CO., BEFORE THE CLEVELAND CREDIT MEN'S ASSOCIATION, CLEVELAND, OHIO, FEBRUARY 10, 1904.

Every business house is like a stage. In a small establishment one man plays many parts, but in a large concern each one has his particular part to play, and the success of the house depends largely upon how well each plays his part. To the debtor, the credit man is the villain in the play or the meanest man in the house. The salesman is the one who makes himself generally agreeable to the trade, tries to win their confidence and secure their orders. He plays his cards to win their friendship. On the other hand, the one looking after credits must look at all questions without sentiment or prejudice, simply taking what cold facts he can gather and weigh them, and then decide accordingly. To the outside world this may seem easy, but we, who have this to do, know how difficult are these decisions. For instance, a traveller sends in an order for a new customer. The report we have is rather favorable. He is a new man, and his success is not yet assured. He has never, perhaps, been in business before, and upon the action taken with this order depends this man's future business. The salesman says he is a nice fellow from all he can learn, and thinks he will surely succeed. Not only are we obliged to know this would-be customer, but we must also know our salesman thoroughly and make due allowance for the information he gives us. Not that he would misrepresent facts, but he may be one of those optimistic salesmen who thinks every one is all right. It is not necessary for him to think otherwise, and as it is easier to feel kindly toward his customer, he gives him the benefit of any doubt, as he feels he is in no way responsible for his account. There are always such men employed as salesmen, and they usually make good ones. Then, on the other hand, we have men who thoroughly weigh all sides of the question before presenting an opinion, and we can always rely on their judgment. Now, all these things must be taken into consideration when the credit man makes his decision, for, if goods are shipped and a loss is made, it shows out in bold figures on the profit and loss account. If the order is turned down and the purchaser offended,

and he should afterwards succeed in business, he is a living example of the credit man's mistake, and he will occasionally hear how well this man has succeeded and how he would be buying of his house except for his bad judgment in refusing to give credit. If he is not reminded of the circumstance, the fact, nevertheless, exists and he knows it, and, unless he has a level head, the next time the same condition presents itself he may err in the other direction. The mistakes of the credit man are not like those of the doctor, which die with the patient—they are ever before us.

But, on the other hand, when he makes a wise and correct decision, and the one fails to whom he has refused credit, this fact is soon forgotten. The man is out of business, and there is nothing on the books to show that he used good judgment in this case.

The credit man is not a popular actor on the business stage, as his real worth is only known to his house. But out of business hours, when he is not playing his part in the business drama, this same credit man may be one of the jolliest of men. I am sorry to say, however, that his life has a tendency to make him otherwise, as the part he plays is not altogether rosy; but, to use a slang phrase, "he comes up against the real thing." As a general rule, I do not believe that credit men obtain as much information regarding their patrons, from their travelers, as they should. I think it would be time well spent if every one would talk over, with the traveler, every customer on his route. The best thing to do, if it could be done, would be to visit every customer, but this is not possible in many cases, so the next best thing is to inquire all about customers whom he does not know thoroughly, or, in other words, post himself all he can as to the character, habits, etc., of every debtor he has on his books.

All the unpleasant correspondence seems to fall to the lot of the credit man in every establishment. It is no easy thing to write the customer that he must pay up his account at once, and at the same time keep his good will and future business. It is hard to dun a man when he is behind and at the same time make him happy. I have observed, however, that the one who makes the least enemies in this sort of work is the man who is outspoken, candid, and tells his debtor just what he wants, without any equivocations or excuses for doing so, and does not try to whip the devil around the bush. If you do not wish to fill an order because the man is now owing you all he should, tell him so, but do not try and deceive him by allowing him to think that you are out of the goods, or cannot fill the order for any other reason than the fact that he is behind and must pay. When you deviate from the plain, straight facts you lengthen the agony, and the debtor has less respect for you, when he finds out the truth, than if you had been open and above-board with him in the first place. Men who are salesmen, and look after credits as well, are more apt to resort to tactics of this sort, I think, than one who looks after credits alone. It is a mistake, however, for every one respects a man who is frank and fearless, even if he does not agree with him.

### **"Credit Indemnity."**

ADDRESS DELIVERED BY J. PERCIVAL PHELAN, OF THE AMERICAN CREDIT INDEMNITY COMPANY, ST. LOUIS, MO., BEFORE THE KANSAS CITY ASSOCIATION OF CREDIT MEN, FEBRUARY 12, 1904.

Credit indemnity is insurance applied to credits. The risk by fire has long since been acknowledged by prudent and conservative men,

and those few who do not to-day admit the necessity of fire insurance are compelled to accept it by the realization that their credit would be positively impaired if their stocks of merchandise were not insured. In this way fire insurance is not only a protection, but goes further and becomes an increase of the assets of a firm, and improves its credit. Credit insurance is fast assuming the same proportions. The credit insurance company proposes to take care of your losses beyond an agreed percentage of your sales, and, of course, under certain terms and conditions. That is, they propose to protect you in an abnormal year; to place a high-water mark on your amount at risk on twelve months of sales. In arriving at what this percentage of loss, to be borne by the insured, shall be, the company takes into consideration the past experience of the applicant as to sales and losses, the normal expectancy in the particular line of business, the terms upon which he sells his goods, the section of the country in which he sells his goods, the character of his business, and the qualifications of his credit department. After arriving at an equitable rate of loss to be borne by the insured, the bond then guarantees known and unknown conditions, and the judgment, faithfulness and watchfulness of the credit department. It is incumbent upon the bondholder to use the same care and diligence in extending his credits and in collecting his accounts as governed his actions before he was insured. To do otherwise would be a parallel of a healthy man being examined for life insurance and having the right to transfer his policy to a consumptive; or, a total disregard of all care and watchfulness because of fire insurance. I use these similes in order that you may more quickly grasp the intent and purpose of credit insurance. It has frequently been stated that credit insurance bears no parallel to either fire or life insurance, and I wish to make it clear to you that the credit-insurance hazard is greater than either one of the other two. For an illustration: it was once stated to me that A. T. Stewart, the dry-goods prince of America, did not carry fire insurance upon his real estate in New York City because of his having nearly two hundred houses, and that, when he figured the collective premiums necessary to insure all of his houses, he found that he could carry the risk himself at less cost, and, should one or two houses be destroyed by fire in any twelve months, he could afford to rebuild them and still save money as against the cost of fire insurance; but, supposing those houses were worth \$10,000 apiece, and Mr. Stewart could have bought one fire insurance policy for \$10,000, which he could have applied wherever a loss might occur, I think that all sane men will agree with me that Mr. Stewart would have jumped at the opportunity. This is precisely what credit insurance does. Take a manufacturer, selling his goods to a few highly rated accounts, and each in large amounts. Supposing his customers to amount to fifty, on whichever one fails his bond applies. Again, you have a residence worth \$10,000. You insure it against fire (you do not wait until the roof gets on the house before you do it), and you have the protection of occupancy and constant watchfulness, and possibly you are so far removed from your neighbor that a fire in his house would not endanger yours. You insure it because the possibility of fire and its disastrous consequences is so thoroughly impressed upon your mind. The fire insurance company writing that \$10,000 policy assumes but that one risk. Take the merchant with fifty accounts averaging \$10,000 apiece, and suppose those accounts to be fifty residences of the value of \$10,000 each. That merchant is enabled to buy one policy covering a \$10,000 loss, which will apply wherever the loss may develop; in other words, the credit insurance company assumes a risk of 50 to 1.

We all know that credit men are an intelligent class; that it requires brains, the active exercise of brains, and unbiased discretion in the discharge of duty to be a successful credit man. They are also, as a rule, high-salaried men; but, did you ever hear of a firm requiring a credit man to furnish a bond to make good his losses? Credit insurance offers to the credit man that very bond which is not required of him, and which gives him the feeling of security that, no matter what happens, the firm is not going to be the sufferer should his department develop a large and unexpected loss. Losses can eat up the profits of a business, and in many cases failure has been traced to losses which have not only eaten up the profits, but the active capital. Many of these losses have been through causes entirely beyond the credit man's control, and when they have come the credit man has not been censured, for he has had good company, there have been numbers of other smart and brainy men in the same boat; but lack of criticism attaching to the credit man and satisfactory explanations have not saved the firm their capital, and credit insurance is the only thing that will.

I trust that I have made myself clear, and in order that I may more fully do so I wish to give you some experiences which I have had. A manufacturer of small capital did an active business, using more than his own means, through borrowing from the banks, for additional facilities. His statement to the banks was that he had but a few customers, all of them beyond question, rated over \$1,000,000, with high credit, but that the terms of his business were sixty days, and that in borrowing money from the bank he used these accounts as collateral. What collateral did this borrower offer? Not his own, because the failure of any one of the concerns indebted to him would represent such an amount as to wipe him out of existence and make his endorsements on the paper of no avail. What did the banker have? A credit to a customer of his customer, unknown to him excepting by general report. Was he crediting his customer? No, he was crediting his customer's customer. And this is the condition which exists with almost every bank and business house in the country. How could this bank be protected? By a bond of credit insurance. What is the effect of this bond? Not only absolute security, but facility through the making easier the obtaining of proper favors. In other words, the bond not only acts as collateral for goods already sold, but directly enters into the business and becomes additional capital. This condition has come to my own personal experience a great number of times. I have in mind one conspicuous case where a bond for a large amount was sold to a firm which had practically never had any losses. During the first year of the life of that bond failures were met with entailing a large amount of money. It happened that these failures occurred at the very time when the bondholder was indebted to his bank the greatest, and he was called in by his banker and information sought as to what he proposed to do. After some discussion it was suggested that the bond be hypothecated to the bank and that the bank would lend the face of it. When this bond matured it was paid, and the banker's statement, and that of the bondholder, was that the holding of the bond had carried the business over its most crucial stage. A short while after that business was sold to a trust and more than \$300,000 was received for it.

Another case which I have in mind is that of a dealer handling goods direct from the mill to the jobber, for his own account. His capital was \$5,000, and he made a sale to a highly rated jobber involving \$13,000 on terms of sixty and ninety days and four months' paper (the usual terms in that particular line of business). In order to make this



deal the goods had to be paid for in cash to the manufacturer, and the money to do it with had to be raised. This, of course, required the assistance of the bank, and when the case was presented to the bank the president's reply was that he was perfectly willing to give the applicant a line of \$5,000 (the amount of his capital), that he had frequently done so and had always been paid, but that when it came down to a \$13,000 discount the endorsement of the applicant would not be worth anything in the event of the failure of his customer. The banker then suggested that the intended purchaser be referred to him, that he would take his statement, and if he regarded the risk as good he would advance the money. The applicant for the loan replied that such a thing was impossible, that his customer's credit had never been questioned, that he was anxious to sell him the goods, and that if he did not anybody else would be glad to do so. As a solution the banker suggested a credit insurance bond, to be hypothecated to him. This was done and the money advanced. In this way the credit insurance bond acted, not only as a protection to its holder, but also permitted him to make a profit through a sale which he could not have made without it, and lived with him for twelve months, to take care of him during that time in any similar contingencies. It not only protected him against loss, but made sure his very existence; indirectly acted as additional capital in his business and permitted him to make profits which would have been impossible without it. A bond is so far-reaching in its benefits as to be beyond the realization of its possibilities at the time of its issuance, and any man who will go carefully into credit insurance and fit it to his business will provide himself with a collateral of such far-reaching value as to be absolutely indispensable to the proper conduct of a credit business. You can provide against your fixed expenses, and, adding such to the cost of your goods, can figure a profit in selling them, but to make that profit you must collect your money, and the only way to make sure of collection, and consequently profit, is through a bond of credit insurance.

In conclusion of my statements as to the collateral benefits of credit insurance I would refer you to the terrible calamity which has befallen the city of Baltimore in the shape of the fire which has practically wiped out the business community. Will there be a panic because of this? Will creditors wildly clamor at the doors for their money before the ashes have cooled? No, the fire insurance companies are there to pay the loss. Just so soon as credit insurance bonds are in the safes of all dispensers of credits the same feeling of security will exist when large credit losses come, and panics will be averted.

## LOCAL ASSOCIATION NOTES.

### Boston Credit Men's Association.

The directors of this Association held a meeting Tuesday evening, February 16th, at the United States Hotel, preceded by a dinner. President Ainsley presided. The new standing committees were announced and are given below. The directors decided to consider the plans suggested for a local Investigation and Prosecution Bureau.

Twenty-three new members have been secured since January 1, 1904, and still there are more to follow.

### COMMITTEES FOR 1904.

Membership: J. J. Hennessy, Chairman; F. C. Swan, W. L. Cutting, J. C. Kennedy, H. L. Hazen.

Improvement of Mercantile Agency Service: J. E. Frenning, Chair-

man; F. L. Howard, J. W. Frederick, Geo. D. Harvey, H. N. Milliken, F. A. Webster, Oscar L. Bailey, Chas. S. Burgess.

Bankruptcy: W. Q. Wales, Chairman; C. F. Munroe, W. C. For-  
saith, James Hill, C. F. Dowse, Geo. C. Morton, F. F. Davidson, L. W.  
Farmer.

Legislative: C. H. Arnold, Chairman; W. P. Church, H. E. Reed,  
W. E. Worcester, Wm. Y. Wadleigh.

Commercial Literature: H. A. Austin, Chairman; H. W. Patterson,  
J. B. Spiller, E. B. Pearson, Jarvis Lamson.

Committee on Investigation and Prosecution: John R. Ainsley, repre-  
senting Brown, Durrell & Co., Chairman; Wm. P. Church, United Shirt  
& Collar Co.; P. B. Fiske, Heywood Bros. & Wakefield Co.; J. S. Pike,  
Jr., Dodge, Haley & Co.; Geo. H. Graves, Walworth Mfg. Co.; Albert  
S. Harwood, A. S. Harwood & Co.; Wm. M. Morgan, Wm. M. Morgan,  
Attorney at Law; H. W. Patterson, Smith, Patterson & Co.; C. G.  
Burgess, Martin L. Hall & Co.; F. G. Kimball, Clark-Hutchinson Co.

### The Buffalo Credit Men's Association.

A regular meeting of the Buffalo branch was held Thursday evening, February 11th, at the Ellicott Club. After dinner the regular order of business was dispensed with, and the members were entertained with an address by Mr. Arthur Robinson, the general agent for New York State of the American Credit Indemnity Company, who spoke in part as follows:

"Credit insurance is the result of the evolution that is going on in the business world. One of the most important changes from the old methods, which has made possible the present large volume of business, was the establishment more than fifty years ago of a system which is now known to you as the mercantile agency. The rating and report by one of the standard mercantile agencies on any concern is to-day a letter of credit in any of the large markets, and nothing has contributed more to the facility with which large transactions are daily consummated than the confidence which it had in these ratings.

"Under this beneficent system has been made possible the extension of credit to distant firms; hence a wider market and largely increased volume of sales, and a magnitude in the daily aggregate transactions that without it would be impossible.

### OF SLOW GROWTH.

"Credit insurance in the beginning was like all new departures in every line. It began to walk in this new field of insurance, very carefully feeling its way, and its first policies compared with those issued to-day were very limited in the protection given. With its increased experience and statistics by its actuaries from its own experience, the policy has been broadened and liberalized from time to time till to-day we are able to cover every known form of insolvency, and the language of the policy is clear, concise and positive, with every clause free from ambiguity and unmistakable in its language.

"Credit insurance indemnifies against excessive loss. Excessive loss is loss greater than a fair normal loss on the year's business. This initial or known risk consists of a certain specified percentage of the annual sale and the amount of it is determined by a calculation based on the loss record for a number of years of the insured, the actuarial record of average loss in that line of business, and consideration of any other conditions affecting favorably or otherwise the risk.

## FAILURES EXCEED FIRE LOSSES.

"Bankers and dispensers of credit require fire insurance to prevent loss on goods in the possession of those to whom credit is given. The aggregate annual sales of a merchant amount to five or ten times the value of the stock on hand. Statistics show that losses in the United States by failures considerably exceed the losses by fire.

"The firm that has a policy of credit indemnity will conduct its business on stricter and safer lines. Its collections will be better and over-extension of credit guarded against. From a haphazard way of granting or restricting credit you have in the limitations of the bond a scientific basis upon which to work where the question of loss is eliminated.

"One of the costliest and most disastrous fires in our history was suffered by the city of Baltimore this week and had not the slightest effect in disturbing the general business of the country. It was a striking example of the beneficial effect of the protection afforded by fire insurance. Failures involving but a small fraction of the amount of loss caused by that fire would have affected the business of the entire country. When credit insurance is universally carried, important failures will cause no more of a flurry in commercial circles than fires do now."

## The Chicago Credit Men's Association.

### EIGHTH ANNUAL BANQUET.

The eighth annual banquet of this Association took place at the Auditorium, Tuesday evening, February 16, 1904.

The toast list, which was a famous one and worthy of the organization, was as follows:

Toasts and speakers: Toastmaster, President Nahum M. Tribou; invocation, Rev. Charles Scadding; "The People's College," John W. Cook, LL.D.; "American Finance," Hon. James H. Eckels; "Assets," Dr. Emil G. Hirsch; response, John Maynard Harlan; "Responsibilities of Citizenship," Rev. R. A. White.

Lack of space prevents our giving more than excerpts from the many able addresses.

In calling the assemblage to order, President Tribou said:

This evening marks our eighth annual banquet, to which we welcome our guests, to witness with us the most remarkable growth of this Association in membership, strength and influence. Since its inception, eight years ago, in Handel Hall, it has steadily grown under the careful guidance of its officers, eliminating influence which would tend to make it merely a social club, until to-day it is one of the largest and strongest institutions of its kind in the whole world (applause).

I desire to take this occasion to thank the individual members of the Board of Directors and of the standing committees, for whom I have come to entertain a very strong personal regard, for their generous and efficient services rendered the present administration. It is my hope, and I predict, that in the future the Chicago Credit Men's Association will take a most prominent and influential position in maintaining the high standard of commercial integrity which has always been credited to this most wonderful city. Last fall the United States suffered the first symptoms of a depression, second only to the banking institutions of the West, which are so ably and wonderfully managed, particularly those in this great city—I say, second only to the banks, credit men, intuitively, without suggestion, much less concerted action, and with inward confidence in the ability and wisdom of every credit man, which is acquired

only through association, with steady judgment, guided, and are still guiding the ship of commerce onward. I firmly believe that in no other period in the history of the United States could tendencies so strong to bring about a depression have been averted. And so we are warranted in inviting to address us, as we have this evening, men who are in this era of human progress, in the great strife, inspiring examples.

"THE PEOPLE'S COLLEGE," JOHN W. COOK, LL.D.

The school must supply the demand of the age. The school is only one of the signs of civilization. Tell me the civilization of the people and I will tell you the system of education. Tell me the system of the education of a people, I will tell you its civilization. They are two sides of the same thing. Given the education of a people by only the cultivation of the memory and you will have a conservative civilization which never changes, like the Chinese. When the pyramids were there, China was there; its civilization was there. Ages have passed, the new world rose out of the sea, China was there just as it was when the pyramids lifted themselves above the sand to greet the rising sun across the deserts of that old dark continent. Memory, the old conservative idea, the idea that came in with the Renaissance, that is the revival of learning in the sixteenth and seventeenth centuries, and it is only that which has been broken down. Now, we have in our system of education a stratum of determination which answers to the demands of the times, and I have come here to-night to plead before you, practical business men, for the recognition of our great secondary schools, and to ask of you that when the young men who come to you seeking employment shall find that the door is not open to them, unless circumstances are extremely favorable—unless they have pressed themselves against the moulding influences of this great scientific element in our modern education, and that, gentlemen, is the American—the modern American high school. Now, if I were called upon to give a name to it, I should not call it high school. A high school, technically, I suppose, is a school that is a little higher than a school that is not so high (laughter), or perhaps it is a school that is not so low as a school that is lower, but a big, unique institution. No other nation in the world possesses one of a like character. Certainly that is not the character of the great English schools, all private in the modern sense and in the light of scientific ideas. It reminds me of the old teacher who was eternally saying, "Why so, young man?" He said one day, "I am going to get a machine, young man, and it shall stand on the table and it shall interrogate 'Why so?'" And one of the boys, a little more courageous than the rest, said, "Professor, that is not necessary, to have a machine, when you have a machine to handle you." And that is the spirit of the modern high school. A spirit of earnest inquiry, a spirit of insistent, energetic pressure against the practical problem of the world, and not to take the attitude of the old schoolmaster, who was a chronic anachronism, with his back to the future and his face to the past, living only in the ancient literature of Greece and Rome. I am not here to-night to say anything against those great literatures, but I only say that they do not express the modern spirit and modern demand of our practical civilization, and so I beg of you that when young men come to you that you say to them and put them through some such catechism as this: Have you been through the great free American high school? If you have not educated yourself to its cultural helps, if the doors are not shut by the necessities of the situation against you, return there, and when you have completed its beneficent course, come to us again, imbued with its spirit, with no false notions of



social equality or inequality. Come with the idea that the intelligent working man is the man that has the modern world in his hands, and then, young men, we will open our doors to you willingly and gratefully, and give you the help that you desire (applause).

"AMERICAN FINANCE," HON. JAS. H. ECKELS.

The American people intuitively are an honest people; honest in their every-day life; honest in their public acts; honest in their dealing with public questions, and whether it be a question of finance or some other public question of great moment, you can always rely upon the common sense, supplemented by the common honesty of the people, to do the right thing when the right thing is pointed out to them. And so at last, we had the opportunity opened through the platform and through the columns of the press to discuss whether or no, as a nation, we should have a system of finance that under any and all tests was honest, or one which was dishonest, and as is always the case where great moral questions are involved, and where there is the courage of conviction strong enough to stand forth and discuss them, without fear or favor, or without political advantage, the moral idea prevailed. The right thing triumphed and the wrong thing was put under foot. It took a long time to evolve an American system of finance of which this people could be proud. Because our system of finance came about through a series of circumstances and the enactment of a series of acts, illy considered and illy advised. For a long period of time nobody ever thought of having, in this country, any other monetary standard than that which the commercial world said ought to be the standard. No one ever questioned that commerce was being consulted before a financial system was evolved. Nobody ever thought for a long period that the banks ought to be the handmaid of commerce, and nobody ever felt that commerce and commercial need and commercial undertakings should be the dictator of what monetary standard should be, and what currency regulation ought to be, but under the excitement and the needs and the necessity of a great civil war, false ideas of finance prevailed; false notions of the right of government prevailed, largely, I say, because of the necessity of things, and we had incorporated into our financial system the false idea that somehow and somewhere, there was inherent in government the ability to create by the force of statute, value in that which in and of itself had no value and back of which there was no protection for giving it value. It was a false idea and a false doctrine of finance which came into being with the greenback and which have more than once returned to block the lines of commerce and destroy the business integrity, almost, of this great nation. That which we saw in 1893, and, thank God, we will never see it again—(applause) found its origin not in laws enacted or proposed, but we found its origin in the fact that those who were going up and down the country, preaching that we should have an American system of finance, which would, once placed in vogue be a by-word among nations, which made the pledge of the government of the United States to maintain its credit a question of argument and that made the people here at home as well as the people abroad doubt the financial soundness of the people, and we saw those who up to that time had never for a moment doubted the solvency of these institutions—we saw doubt upon every hand. We saw among the midst of currency, if you please, absolute starvation. We saw factories close. We saw business men suffer, all because there was undertaken to be set up in this country under the suspicious name of a system of American finance, a system of finance which never ought to have had any consideration upon the part of a high-minded and honest

people (applause). But happily that has passed. Our monetary standard to-day is the monetary standard of a very great commercial nation, far removed from the monetary standard of China and Mexico and from less advanced countries, and we can boast of a financial system which not only has the respect of our own at home, but challenges the admiration of the world.

But there are other difficulties growing out of finances in this country which are worthy of consideration. We have grown rich so rapidly that in more than one instance we have done imprudent things. We have been growing so rich; we have a country of such splendid resources and such inexhaustible supplies that we have more than once challenged prudence, more than once indulged in undue extravagance. Out of all these conditions that have come with this new era of prosperity, there are some which in and of themselves ought not to make for harm in this country, but which, if not properly cared for and not properly safeguarded may work out a disaster to the people. I do not believe that the rich are getting richer and the poor are getting poorer, in this country. I do not believe that there is any room for hatred or jealousy on the part of one class of people toward the other. I do not believe that there is any room for demagogism in the United States and the creation of class hatreds. It is un-American. In a Republic we all have an equal opportunity of doing the best that in us lies if we are willing to do our best (applause). A country that but a few days since paid tribute of homage to at least the second of great Americans, because out of lowly conditions, and without lineage or distinguishment, he had risen by the aid of his own energies to the Presidency of the United States and intrenched himself in the affections of a great people and in those of the nations of the world—a nation, I say, that can boast of a character such as Abraham Lincoln, can well boast that in this Republic there are opportunities for all who are willing to seize the opportunities (applause).

Yet the American people have problems of difficulty to solve, growing out of great combinations of capital. It is not because combinations of capital, in and of themselves, are wrong, but it will arise because of the improper bringing of such capital together and the improper employment of that capital and the men, who more than all, that can curtail the evil that may arise from such a thing, are the men that are right here, the credit men of this country (applause). If you will inquire into credits, if you will have the courage to deny credit where credit is not entitled, if you will see to it that extravagance is not permitted, you will have done a work, that more than all others, will supplement the work done when there was established in this country—when the question was submitted to the people—an American system of finance, which was a system of finance that the whole commercial world approves of (applause).

#### "ASSETS," DR. EMIL G. HIRSCH.

There are visible assets and invisible assets. The visible assets, of course, are well known to us all; but, still, the invisible ones, too, have very great importance in the commercial equation. What be these? In our modern age the opinion prevails that man, after all, might be eliminated. We trust largely in mechanical contrivances that the inventive genius of our people has put under our control, so the epoch has not, with injustice, been characterized as the age of machinery, and our schools naturally and legitimately foster this trust in mechanical contrivance. The scientific spirit of the day has uncurtained so many mysteries of nature, has shown us so many of the tricks of nature that we can imitate, that we have come to the conclusion that everything can

be done mechanically; that man, perhaps, has really the function nowadays to sit behind the horses and to let the machine do the rest, as our farmers do now. But I believe that upon little thought we must all come to the conclusion that man is, in the last analysis, the determinative factor. No matter how many resources a man in business may have, unless he add to the wealth that is represented in material entities, character and capability, he must not be given credit. Among the assets that count, and count largely, are certainly the moral factors, and those moral factors must be kept steadily in view if commerce is to develop along right lines. I dare say a credit man can give advantages to a man of whose honesty he has no doubt larger than he is justified in giving to a man of capital, of whose integrity, however, he has reason to be suspicious, for the larger the means the more dangerous the use to which they can be put by men who are not under the consecration of those attributes. The time was when to reach complete success a man need not employ wrong tendencies. We have been called a tolerant people, and as characteristic of that tolerance we have built schools, and still we have the need for penal institutions, for information has enabled the rogue, in new ways, and in more insidious methods, to make warfare on society, and from the electric mystery that has given us light it has at the same time also provided the burglar with a new and subtle tool. Chemistry, to which we owe so many of our potentialities, in our struggle with nature, has also placed itself in the service of men who would disrupt the bonds of society, and who, actuated by selfish motives, would only see in the work of others a temptation and an opportunity for themselves to enrich themselves. The same applies now to material resources in business. The larger their store the greater the necessity that they be handled by men of character. One of the greatest assets of determinative men in the commercial equation I hold to be character, moral integrity, honesty of purpose, caution of mind and conservatism of methods. Far be it from me to dispute the claim advanced in behalf of American education by the first speaker of the evening. When he pleaded with you for recognition of the high school, so called, my heart responded, for even have I, and often, had the privilege to defend these schools against attacks of demagogues, that, pointing to them, said, "These schools are only for the few, and the many are barred from them." There have been movements, you know, to test the legality of the acts creating these secondary schools. We need them, for in these schools the man and the woman are trained, and have learned how to think and have acquainted themselves with the spirit of the new day, and are at home in the rich resources that modern science has placed at the right disposal of active men. But if these schools merely become technical schools, if there nothing is taught but a trick or two to enable men or women to rush into life streams with greater confidence in their ability to swim, they are a failure. All scientific and technical knowledge must lead, just as the old course studies led, to the development of the humanities, to rendering more pronounced the sense of responsibility in men and in women. Our high schools are doing this, indeed, in many ways, but in the business world we need also men who understand that more than dollars and cents, in the commercial equation, counts character, integrity, honesty and a keen sense of responsibility. To-day we are all interlinked so closely that no man can say he lives for himself, and for himself alone. You men, in active commercial life, and especially you men in whose care is entrusted the financial interests of your firms, you know that there is no firm to-day, or scarcely one, that operates with its own capital exclusively. All our capitals are pooled together,

and my own little dollar and your own larger sums all must come together, and by coming together are lifted to a higher potency than they would be if separately invested. You, as credit men, are not merely shouldering responsibility for the capital of your own firm, but in so doing you are guardians of the earnings and savings of thousands and thousands of others. Therefore, you certainly understand that your profession is under the consecration of a keen sense of responsibility, and therefore you need not be told that among the assets of sound commercial business, foremost and last, must stand character and a consciousness of responsibility. One failure, dishonestly carried through, does not merely interfere, as far as the extent of the operations of that firm go, with healthy onward commercial progress, but it endangers the health and happiness of the whole commercial world, and you, as guardians of commercial integrity, are indeed preservers of our nation. And that applies to the individual firm, and what applies to the individual firm applies also to the nation. When we discuss the prosperity of our nation we have always attempted to put into the foreground the statistics—the figures of our statistical reports, telling us how many bushels of grain were brought into the market, how many tons of ore were shipped from the mines, how many yards of fabrics were turned out from the mills, how many tons of steel were sold and exported, how many other operations were carried on. We look to the figures of our clearing house, of our exchanges, and become happy when we read the gigantic result of one year's commercial, industrial and financial operations. Certainly America has a right to point to those figures with pride, for every digit therein stated and every sum therein recorded is testimony to the energy, the thrift, the economy and the inventiveness of our nation. But a nation that merely stands on material things cannot claim to be in the forerank of civilization.

Among the assets of the American nation let us not forget this must also be counted and emphasized, and has indeed made the American people great—the capacity of tolerance, the recognition of a common humanity in every son of man, a consecration to a higher sense of duty, the recognition that life is obligation and was not meant to trifle away, and our American history is filled with the ideas fundamental to our system of government. We hear of a larger America. We are living in the age of expansion. The oceans have become little rills, and the mountains have bowed willingly to our being; nowhere are barriers about us. The shots which now disturb the peace of every foreign land are heard at our very breakfast tables. The whole world has become one, therefore no nation can afford to live for itself alone; it is a physical impossibility, and the idea that a nation can set up its own system of finance, or its own system of commerce, is radically false, and a nation that would attempt that would soon have to deplore its folly. I am surprised that in that doggerel which our former Comptroller of the Currency recited with such dramatic force and energy did not read, "If in silver dust we trust, and are unjust, we all must bust" (great laughter and applause). For, indeed, a nation that would set up to-day its own system of finance or of commerce would meet sudden disaster. Therefore, the cry for a greater America is justified. We cannot become provincial, we must become universal. And here is the caution to be remembered; among the assets that America must place at the disposal of humanity, and must utilize for the advancement of the cause of all mankind, cannot merely be the product of the prairies and the treasures of the mountains, cannot merely be what the industry of the loom has created and what the genius of our inventors has produced,



but we must go out into the world with our political and our moral ideas. That is what I call the true Americanism. An Americanism which has produced such men as Washington and Lincoln, and McKinley and Mark Hanna (applause), an Americanism that has baffled with every problem and answered almost every inquiry that the human mind has made, that steps boldly out into the world to make the other nations feel that, no matter what may happen, and no matter what temptations there shall be in the way of nations, this nation will remain true to the assets left to its keeping for the others, true to the principles of righteousness and justice, knowing that national strength spells national responsibility, and that national glory must be utilized and vitalized for the benefit of all humankind. Therefore, each one of us must become, in public life, what you gentlemen are in commercial life. We must be Credit Men, and when men come to us for our endorsement, when men approach us with a desire to be endorsed by us or entrusted by us with power or position, we must inquire carefully, as you do, in their capabilities, into their character. Whenever we Americans will do these things, and act as credit men in public life, we shall have our cities well administered, our States so governed that their names will become synonymous with all that is fair, just and true, and our nation will stand in the eyes of all the world a nation consecrated to the sacred cause of liberty, and still a nation self-governed and under the control of laws that are as eternal as their source, the God of Justice and Right above us all (great applause).

#### **The Cleveland Credit Men's Association.**

The Cleveland Credit Men's Association held its regular monthly meeting on Wednesday evening, February 10th.

This meeting was a splendid success in both interest and attendance. A plan of holding regular monthly meetings at which a dinner is served has been inaugurated, and seems to be the most popular method for securing a larger attendance than 7.30 meetings with "A formal discussion of some profound subject."

After about one and a half hours spent with good things to eat, the business of the evening was taken up. The Secretary announced the names of the following new members, whose applications had been received since the January meeting:

S. C. Payne, representing the Commercial National Bank.

E. C. Zuckriegel, representing The Ocean Accident and Guarantee Corporation.

C. H. Walker, representing the Empire Oil Co.

A. V. Cannon, Commercial Attorney.

Albert H. Winslow, representing National Electric Lamp Co.

The Fraudulent Failure Committee, of which Mr. W. F. Lyon is Chairman, reported on the proposition of establishing a local bureau, summing up their report in the following resolutions:

"Resolved, That the Cleveland Credit Men's Association favors the establishment of a local bureau for the investigation and prosecution of fraudulent failures in connection with other Associations and the National Bureau; also

"Resolved, That we favor the establishment of a guaranteed fund of an amount equal to any other Association taking as a basis of comparison the membership lists."

Upon motion the report to the committee was adopted. The committee was continued with instructions to take the matter up through

the medium of the mail, and learn in that way, approximately, how large a fund, in their judgment, could be raised for that purpose.

The Secretary reported that the attorneys having in charge the case testing the Constitutionality of the Ohio Bulk Law in the Supreme Court had prepared their brief, and that the case would doubtless have a hearing in the near future.

The meeting was then addressed by Amos Burt Thompson, Esq., on "The Single Liability Amendment," the State having voted at the last fall election to amend the Constitution so as to do away with the double liability clause. This was followed by a very able paper read by Mr. Lucian B. Hall on the subject of "What Is the Credit Man's Place In the Firm." After the reading of both papers a discussion followed during which many interesting features were brought out.

There is more interest being taken every day in the Association. The membership has materially increased during the last few months, and the prospects are good for more work in the same direction.

### The Denver Credit Men's Association.

In place of the regular meeting at the office of the Association, a dinner was given at the private banquet hall of Allen's Restaurant on February 9, 1904.

Fifty-five members were present.

The meeting was called to order by Mr. C. F. Freeland, President, who presided.

Three new members were admitted to the Reporting Bureau.

The card system of credit was explained by Messrs. Standart and Hover. Mr. Standart then brought up the subject of having a competent man employed by the Association to take care of insolvent estates, and the following resolution was carried:

"Resolved, That the President appoint a committee of three to prepare a plan and inaugurate an Adjusting Bureau, to handle bankrupt and insolvent estates. That said committee shall have full power to prepare a plan for such a bureau and draw up such rules as they may deem proper for its management. The management of said bureau shall rest in said committee, subject to the control of the Board of Directors, until the next annual meeting of this Association."

The committee appointed consisted of Messrs. W. C. Weaver, of the Daniels & Fisher Stores Co.; F. W. Standart, of the C. S. Morey Merc. Co., and Chas. Bruckman, of the J. D. Best Merc. Co.

This subject was discussed by several of the members present and instances cited whereby creditors could save a larger percentage on their claims than if cases had been put through bankruptcy.

It was moved, and unanimously carried, that, inasmuch as the dinner had been such a success, that the next meeting should be held at the same place and under the same conditions.

The Denver Association has just issued some very interesting reading matter, among which are the following articles:

"A Simple Method of Bookkeeping for Retail Merchants," C. T. Inman.

"The Value of Frequent Stock-taking by Retail Merchants," J. T. Plummer.

"The Retailer and the Association of Credit Men," C. D. Griffith.

"Fire Insurance an Essential to Credit."

"The Reciprocal Value of a Signed Statement."

"Unjust Claims."

"The Value of Discounting and the Evils of Lack of Capital," A. C. Foster.

The able committee on an Adjustment Bureau, under the leadership of Mr. Frederick W. Standart, moved quickly, as shown by the following report:

ADJUSTMENT BUREAU,  
C. N. Kinney, Manager and Assistant Secretary,  
DENVER, Colo., Feb. 15, 1904.

*To Members:*

At a meeting of the Association, held Tuesday evening, February 9, 1904, a resolution was adopted to establish an Adjustment Bureau, to handle insolvent and bankrupt estates, and the undersigned were appointed a committee to establish this bureau and have its management until the next annual meeting of the Association.

The committee has established this bureau, which goes into operation to-day, and have employed Mr. C. N. Kinney to have the active management of its affairs, who will have the title of Assistant Secretary of the Denver Credit Men's Association. Mr. Kinney is well known to the members of the committee, and has had considerable experience in handling failed and bankrupt concerns, and has had a very much wider experience in the general merchandise business, and the committee feel they are exceedingly fortunate in being able to obtain his services to handle this bureau.

A copy of the rules governing the management of this bureau is enclosed herewith, and the committee trust they will have the active co-operation of all the members of the Association in this matter.

Yours very truly,

F. W. STANDART,  
W. C. WEAVER,  
CHAS. BRUCKMAN,  
Committee.

**RULES GOVERNING THE ADJUSTMENT BUREAU OF DENVER CREDIT MEN'S ASSOCIATION.**

**I.**

At a meeting of the Denver Credit Men's Association held February 9, 1904, the following resolution was adopted:

*Resolved*, That the President appoint a committee of three to prepare a plan and inaugurate an adjustment bureau to handle bankrupt and insolvent estates. That said committee shall have full power to prepare a plan for such bureau and draw up such resolutions as it may deem proper for its management. The management of said bureau shall rest in said committee, subject to control of the Board of Directors, until the next annual meeting of this Association.

The committee appointed consists of the following gentlemen: F. W. Standart, of The C. S. Morey Mercantile Co.; W. C. Weaver, of The Daniels & Fisher Stores Co., and Charles Bruckman, of The J. D. Best Mercantile Co.

**II.**

*Object.*

The object of the Adjustment Bureau is to make reports of the financial condition of retail merchants, to act as trustee in bankrupt cases, to take stocks of merchandise by authority of chattel mortgage and bill of

sale, when deemed advisable, and transact such other business pertaining to insolvent or bankrupt estates as the committee in charge may direct.

### III.

#### *Committee of Management.*

1. The management of the Adjustment Bureau shall rest in a committee of three, to be appointed by the Board of Directors at its first meeting after the annual meeting of the Denver Credit Men's Association. The committee shall have full management of the affairs of the Adjustment Bureau, subject to the control of the Board of Directors.

2. There shall be a manager of the Adjustment Bureau who shall be given the title of Assistant Secretary of the Denver Credit Men's Association, who shall receive such salary as may be agreed upon with the committee.

### IV.

#### *Duties of Assistant Secretary.*

1. The Assistant Secretary, who has charge of the Adjustment Bureau, shall keep a record of all meetings of the Committee of Management of said bureau and also a record of all creditors' meetings.

2. He shall keep a correct record of all moneys received and paid out by him.

3. He shall give a bond, to be approved by the committee, for such amount as may be determined by the committee, for the faithful accounting of all moneys handled by him.

4. When requested by one or more members of the Denver Credit Men's Association to investigate and make a report of the financial condition of any firm, he shall at the earliest date thereafter proceed to make such investigation and report, and the Adjustment Bureau shall charge for his services \$10.00 per day and expenses.

5. In case he makes an investigation for any member of the Association and finds that the party investigated is in an insolvent or failing condition, he shall forthwith cease to represent the creditor who sent him and shall act for all creditors and proceed to call a creditors' meeting in order to determine what action to pursue, or if in his judgment it seems to be for the best interest of all, he may proceed at once to obtain possession of the business for the creditors.

6. In case of a failure of any firm in which the members of the Denver Credit Men's Association are interested, the Assistant Secretary of the Adjustment Bureau shall forthwith call a creditors' meeting, at which shall be determined the proper course to pursue. The said meeting shall appoint a committee, consisting of three creditors, who shall have general oversight and management of the affairs pertaining to that failure, and the Assistant Secretary shall act under its direction in adjusting such business.

7. When the Assistant Secretary shall handle, as trustee, a bankrupt or insolvent estate, he shall deduct the following amounts from the dividends due the creditors: From dividends due the members of the Denver Credit Men's Association he shall deduct two per cent. (2%) of the amount of the dividend, and from the dividends due outside creditors, he shall deduct five per cent. (5%).

8. All moneys arising from the above-mentioned per diem charges and commissions and all compensations that the Assistant Secretary shall receive by virtue of his position as trustee of insolvent or bankrupt estates, shall be paid into the Denver Credit Men's Association and be placed in a fund known as the Adjustment Bureau Fund, and the salary



of the Assistant Secretary or Manager of the Adjustment Bureau, and all other expenses incident to said bureau, shall be paid from said fund.

The Denver Prosecution Fund, pledged (so far) by 64 members, amounted on February 10th to \$6,490.00.

#### **Detroit Credit Men's Association.**

The regular monthly meeting of the Detroit Credit Men's Association was held Tuesday evening, February 23d, preceded by the usual beef-steak supper. About sixty members and friends were present. The business session was held at 8 p. m., and after the reading of the minutes of the last meeting, which were duly approved, the President called for reports by the Chairman of the Standing Committees.

Mr. F. N. Chamberlain reported for the Membership Committee that an effort would soon be made to increase the membership very materially.

Mr. J. Augustine Smith, for the Entertainment Committee, promised a series of very interesting meetings throughout the year.

Mr. W. D. Southwick, for the Press Committee, promised that proper notices should appear in the daily papers and greater publicity given to our proceedings than heretofore.

Mr. Herman Krolík spoke for the Legislative Committee and assured the Association that everything would be done that was possible while the Legislature was not in session.

President Seely congratulated the Association upon its auspicious beginning of the new year and urged that the objects of the Association be made the first consideration at all meetings.

A letter to the President from National Secretary Prendergast, in regard to the plans for local bureaus for the prosecution of fraudulent failures, was read and referred to the Executive Committee.

This completed the business meeting and the program prepared by the Entertainment Committee was then in order. A vocal solo was rendered by Miss Emily Gilmore, with a violin obligato by Mr. Edward Frohlich, and received great applause. Mr. H. H. Ellerton sang a solo, which was also vigorously applauded.

The Rev. J. M. Barkley, of the Forest Avenue Presbyterian Church, was then introduced and made a very happy address, giving some very practical advice and telling some excellent stories.

This was followed by a violin solo by Mr. Edward Frohlich, and the Hon. Chas. C. Simons then gave an address which was patriotic and practical also. He referred to the duty of the credit man to go to the primaries and see that good men were chosen to go to the Legislature who would pass such laws as our bulk sales bill and secure the approval of the Governor.

Miss Gilmore and Mr. Frohlich again favored with music. After a unanimous vote of thanks to the speakers and musicians, the Association adjourned.

#### **Grand Rapids Credit Men's Association.**

The monthly meeting was held on the evening of February 23d and was largely attended. The question of organizing a local Investigation and Prosecution Bureau was considered and approved; a committee has been appointed to submit plans to the next Association meeting. The standing committees have been appointed, and, with the officers, are given below.

President: L. J. Stevenson, Commercial Credit Co.

Vice-President: A. D. Otis, Cappon Bertsch Leather Co.  
Treasurer: J. F. Cramer, G. R. Brewing Co.  
Secretary: A. B. Merritt, V. C. Mill Co.

Executive Committee: L. J. Stevenson, *Ex-officio* Chairman; Lee M. Hutchins, Hazeltine & Perkins Drug Co.; Geo. F. Sinclair, G. R. Brass Co.; D. H. Brown, Michigan Chair Co.; J. Sehler, Brown & Sehler; J. J. Rutka, Clark-Rutka-Weaver Co.; R. W. Merrill, Phoenix Furniture Co.

Membership Committee: P. H. Brown, Michigan Chair Co., Chairman; Geo. M. Hart, Adams & Hart; J. M. Hayden, J. M. Hayden & Co.; Arthur Scott, Clark, Jewell, Wells Co.; Henry Vinkemulder, The Vinkemulder Co.

Legislative Committee: Lee M. Hutchins, Hazeltine & Perkins Drug Co., Chairman; C. H. Hollister, Old National Bank; C. E. McCrone, R. G. Dun & Co.; C. F. Rood, Foster, Stevens & Co.; John Sehler, Brown & Sehler.

Mercantile Agency Committee: Guy W. Rouse, Worden Grocer Co., Chairman; H. C. Leonard, C. R. Refrigerator Co.; Geo. F. Stevens, Moon Desk Co., Muskegon; H. P. Belknap, Belknap Wagon Co.; E. A. Stowe, The Tradesman Co.

Entertainment Committee: H. C. Cornelius, Wolverine Brass Works, Chairman; W. C. Hobson, Hobson-Haftenkamp Co.; A. R. Peebles, New England Furniture Co.; E. P. Chamberlain, G. R. Brass Bed Co.; A. A. Rinker, Bradstreet Co.

#### Kansas City Association of Credit Men.

Monthly meetings are now the rule with the Kansas City Credit Men, and the gathering held on Friday, February 12th, was a decided success in every way.

The meeting was, as usual, preceded by a dinner, which was served at the Coates House; President John L. Powell presided, and the following program was carried out to the letter:

##### PROGRAM.

"Plans for Adjustment of Credits," Ed. M. Smith, National Bank of Commerce, published in this number.

"Civil Service Reform," Wm. J. Berkowitz, Berkowitz Envelope Co.

"Credit Indemnity Insurance," J. Percival Phelan, W. E. Schweppe, American Credit Indemnity Company, which appear in this number.

"The Credit Man: His Perplexities," Phil R. Toll, Phil R. Toll Box Co.

"Abraham Lincoln" (by one who knew him), L. H. Waters.

#### The Lincoln Credit Men's Association.

At the annual meeting, held January 25, 1904, the following officers were elected:

President: M. Weil.

Vice-President: Chas. Herman.

Secretary and Treasurer: Chas. F. Schwarz.

Board of Directors: W. A. Selleck, Chairman; J. Frank Barr, P. L. Hall, E. E. Bennett, J. C. Harpham.

#### New York Credit Men's Association.

Congressional wit and eloquence, with a liberal admixture of judicial learning and advice, was the order of the evening at the monthly dinner of this Association on Thursday, February 25, 1904.

The large dining hall of the Drug Club was tastefully decorated for the occasion, and the tables were filled with guests, who seemed to enjoy the evening's entertainment to the fullest extent. A string orchestra and quartet added to the pleasure of the occasion, and songs and choruses in honor of "our very good guests" and "our very good friends" were heartily joined in.

After an excellent menu had been disposed of, President C. E. Meek rapped for order and the intellectual feast began. Mr. Meek announced that he had received a telegram from State Senator Lewis, stating that he had introduced the bill amending the law relating to the sale of goods in bulk, which had been favorably received. The Chair urged all the members of the Credit Men's Association to use their best efforts to secure its enactment. He then introduced Congressman Joseph T. Robinson, of Arkansas, as the first speaker of the evening.

After some prefatory remarks, interspersed with anecdotes, Mr. Robinson touched upon the South, its resources, its problems and its future. Events of importance which have occurred within the last few years, he said, have made this country the dominant power of the world. Not until the Spanish-American war did the world recognize that the United States was a great maritime power. He hoped that the time would never come when the glory of one section of this country would shine at the expense of another. Northern capitalists have been slow to make investments in the South on account mainly of uncertainty, but that was rapidly passing away. He believed that the South was now the most universally prosperous of any section of this great land. There was no labor question disturbing his section in Arkansas, and no man in the South, he declared, need be idle except of his own will.

The South has a monopoly of the cotton production of the world and she is likely to retain it. For some cause or other cotton has been abnormally high this season, and the South will increase her production to meet the growing demand. He knew of no foreign country that could successfully rival the South in producing the staple. He pointed to the growth of cotton mills in the South as evidence of the great prosperity there and quoted statistics on the subject. In agricultural pursuits also the South leads the world. The racial question has been settled in the South, so far as it can be, on a satisfactory basis, and the colored people are now content. The future is bright with promise and radiant with hope. The period of mourning has passed away and the day of rejoicing has dawned with splendor.

The Chairman next introduced Congressman Burton L. French, of Idaho, who spoke on "The West," which recently had been known best as the land of railroads and snow drifts. Mr. French began in a humorous vein, and told many characteristic stories, which evoked much laughter and applause. He then spoke of the boundless possibilities of the Far West and the vast mineral resources which are still awaiting development. The surprising progress of the Pacific Coast States during the past twenty-five years was dwelt upon and many interesting incidents were related. The West is going forward, he said, with leaps and bounds, and irrigation is benefiting large territories, which will be made fruitful and attract hosts of settlers to populate what were formerly barren States.

The last speaker was ex-Judge Julius M. Mayer, of the Court of Special Sessions, who handled his topic of "Practical Credit Suggestions" in a forceful and attractive manner, making the following suggestions: When a man disposes dishonestly of his goods, no merchant should sell him \$1 worth from that day on, and he should forfeit his liberty and

privileges as a merchant. He strongly hinted that such a condition could be brought about by the Association taking a strong hand in the matter. He dwelt upon the fact that the law's delay was a protection for the dishonest debtor, the poor results being often unfairly laid to the lawyer, who, in fact, as well as his client, suffered by the delay. "I think," he said, "if these things were strongly enough protested against by your and other associations the prevailing conditions could be bettered."

The singing of the following lines to the tune of "Let Us Ramble" was much enjoyed.

OUR VERY GOOD GUESTS.

*Hon. Joseph T. Robinson.*

Just look at that nice gentleman who comes from Arkan-saw,  
And don't forget the accent, please, accent upon the-aw;  
For if he hears you name his State as that of Arkan-sas,  
He'll surely line a Credit man as a creditable ass.

*Chorus.*—Oh, we'll travel, we'll travel,  
Down to the Washi-ta, in the State of Arkansaw,  
Oh, we'll travel, we'll travel;  
And now, kind sir, just open up your jaw.

*Hon. Burton L. French.*

In Heaven, when a Boise man goes up to get within,  
They take him to a big blank wall to chalk up all his sin.  
He marks all morn, he marks all noon, the job he works all day on,  
And when at night they think he's through, he calls for some more crayon.

*Chorus.*—Oh, Boise, Oh, Boise,  
Of the Apostles all, from St. Peter to St. Paul,  
Oh, Boise, Oh, Boise—  
Boise is the birthplace of them all.

*Judge Julius M. Mayer.*

The Judge is now no more a Judge, but a bully little chap.  
He has the pluck and all the go of a Nagasaki Jap.  
He's just as modest in his way as Mr. Mika-do,  
Who, when he met the Russian bold, chewed him up at Chemulpho.

*Chorus.*—Oh, Mikado, Oh, Mikado,  
Where are the Russian crews?  
They got a gentle bruise.  
Oh, Mikado, Oh, Mikado,  
We were delighted here to hear the news.

OUR VERY GOOD FRIENDS.

*Chas. E. Meek.*

Good guests, just take a glance at him who sits there very meek;  
You'd take him for a Russian if it wasn't for his "beak."  
Napoleon always chose a man that had a great big nose;  
If Meek had lived in "Boney's" days he'd worn a marshal's clothes.

*Chorus.*—Oh, he's artful, he's artful;  
With the "busts" he is immense;  
For no matter what pretense,  
In settling, in settling,  
He's sure to make 'em look like thirty cents.

St. Pet  
But w  
For P  
Will n

Of co  
But v  
He g  
He o

Whe  
But  
He's  
Just

last

pre

Bar  
ter

wh  
of  
gr

by  
thi

O

W

o

in

XU



*Wm. A. Prendergast.*

St. Peter is a gentleman, with cinches on the key,  
But when he meets our Prendergast he goes way up a tree;  
For Prendy doesn't drink a drop—and the Devil, that old bloke,  
Will never have a use for Pren—he don't know how to smoke.

*Chorus.*—Oh, Willie, Oh, Willie,  
The intellectual feast, the members said, all ceased  
When I left Congress, left Congress;  
And now I look, but don't act, like a priest.

*Malcolm Graham, Jr.*

Of course, you all remember the reception to the Prince,  
But with us is a Scotchman, the Vice-President, immense.  
He gives us all a bully time whenever he is here;  
He opens cold pint bottles, but they're only full of beer.

*Chorus.*—Oh, he opens, he opens—  
He's only five foot two, he loves a foreign brew;  
Oh, he opens, he opens—  
His friends all think that he will surely do.

*Henry J. Sayers.*

When I was but a little boy I was awful 'fraid of bears,  
But now I am a great big man I'm only 'fraid of Sayers.  
He's very quiet, loves to work, but when he's with the boys  
Just give him "two" and you will find he loves to make a noise.

*Chorus.*—Oh, delinquents, delinquents,  
I chase them all around, in and out the town;  
Oh, I chase them, I baste them—  
I'm the butcher that is sure to cut them down.

**The Omaha Association of Credit Men.**

The Omaha Association of Credit Men is very much alive. The last two meetings have been the best in its history.

January 21st, a meeting was held in Parlor B of the Paxton Hotel, preceded by an informal dinner at 6.30 p. m.

After the usual business meeting, F. S. Howell, Esq., of the local Bar, delivered an address replete with good things, in which all were interested, taking for his subject, "Badges of Fraud."

February 18th, a meeting was held at the same hour and place, which exceeded in attendance, enthusiasm and entertainment any meeting of the Association ever held without some special attraction. The programme follows:

1st. The dinner, which was excellent.

2d. "The Granting of Credits on a Liberal or Conservative Basis," by Mr. Chas. W. Russell, of M. E. Smith & Co., published elsewhere in this number.

3d. Several very good stories by Mr. Carl Reiter, manager of the Orpheum Theatre.

4th. "Fraud in Bankruptcy Cases—The Creditors' Remedy," by Wm. A. De Bord, Esq., of the local Bar.

**The Pittsburg Association of Credit Men.**

The Pittsburg Association of Credit Men has shown more than ordinary interest in the proposition to establish a local bureau for the investigation and prosecution of frauds perpetrated upon its members.

The proposition calls for the raising of a guaranteed fund of \$5,000.00, and the subject has been before the membership at the last two regular meetings. At a recent meeting, after there had been a free and general expression of opinion, which showed the membership to be in favor of the proposition, a resolution was adopted to the effect that the Association endeavor to raise the fund of \$5,000.00, the existence of such a fund to be thoroughly advertised in the papers, so that "would-be swindlers," having notice, will not be so ready to work their nefarious schemes. A number of other important questions are also being discussed, and deep interest is being shown in the work of the Association.

A largely attended meeting of the Association was held on Thursday evening, February 25th, preceded by a dinner, at the Hotel Henry.

President W. A. Given presided, and introduced the speaker of the evening, former Governor W. R. Merriam, of Minnesota.

Following the dinner a business session was held. The Association unanimously voted to raise a guarantee fund of \$5,000 for the investigation and prosecution of fraud. A committee will be appointed, the duty of which will be to act on all cases before being placed in the hands of the Association's attorneys. Any member of the Association will be entitled to prosecute a fraudulent debtor to the extent of \$500 costs. No restriction is placed on the location of the defendant.

The Association also voted to frame a new "bulk law" bill to be presented before the next legislature. The bill aims to protect creditors and hold the purchaser of the bulk stock liable for damages in the event the sale has been made without the knowledge of creditors.

Governor Merriam spoke on "Commercialism," in part as follows:

"Commercialism I must consider the greatest force, save Christianity for the betterment of the human race. For almost two thousand years, yes, nearly forty-five hundred years, the world's drama has been made up of the elements that make for war instead of peace. Commerce is the "child of peace." She flourished only when the broadest opportunities for the individual can be secured. Instead of great soldiers we have developed great captains of industry—men who have built railroads, opened up mines, administered great manufacturing corporations and broadened the trade of the country in almost every line.

"I am not quite sure that Hamilton, in my judgment the greatest constructive statesman in the world's history, really appreciated the wonderful gifts bestowed by nature upon the land of his adoption. In his great paper on "The Manufacturers," read to the first Congress of the United States, he outlined his whole plan of utilizing the labor and resources of the country by protecting manufactured articles from foreign invasion. In the hundred years that have elapsed since he formulated this policy his scheme has reached its full fruition and has produced the results he prophesied. Now, however, we have become a nation of so much importance among the trading countries of the earth whether the policy is to be continued or whether we are to inaugurate some system that will enlarge the boundary of our commerce is a matter for future discussion. We certainly manufacture to-day more goods than our own people can consume.

"The rapid material progress of the country has brought face to face the opposing elements of capital and labor. Capital has increased its profits enormously, and, naturally enough, labor demands its share. There is a lack of sympathy often manifested between the laborer on one hand and the capitalist on the other, and yet some solution will be finally reached that will be equitable, I am assured. Both sides must yield sufficiently to warrant a satisfactory outcome. Arbitration in some form

must be resorted to to smooth over and adjust the various opinions entertained on either side. The Civic Federation, which to-day is doing excellent work in this direction, will finally be the means, it is to be hoped, of analyzing this problem.

"But we cannot go on, of course, growing in population, increasing our manufacturing output, raising more grain and cotton than we can use, without eventually finding ourselves with more than our needs require. We sell England and her colonies seven hundred million dollars' worth of goods in the year. We take from her about one-third; and is not the time coming, isn't it close at hand, when England, our best customer, is going to demand from us that if we continue to supply her with so many necessities of life, so many manufactured articles of various kinds, that we shall cease discriminating against her to the exclusion of her products? The great question in Great Britain to-day is the fact that as a nation they cannot produce breadstuffs in sufficient quantity to meet the needs of her people, but it must not be forgotten that in Canada, one of England's colonies, the production of wheat is increasing so rapidly and to such an extent that the time is not far distant when England may safely decline to purchase of the American farmer his wheat.

"The question of broader fields in which to dispose of the products of the country is an ever present one, and I know of no locality in which the subject should have a larger consideration than this important manufacturing center."

#### **Rochester Credit Men's Association.**

A meeting of this Association was held at the Chamber of Commerce Thursday evening, February 18th, at 8 P. M. The event of the occasion was an address by Mr. Henry P. Conklin on "The Romance of Commerce." We regret that we have only a résumé of the address, as follows:

"Has commerce a romantic side?" asked the speaker, in the course of his remarks. "There are annals of commerce not found in day-book or ledger. Its story is the story of man's struggle for wealth. So soon in the history of the race as the time went by when a man could supply his simple wants with the work of his own hands, barter, trade, commerce began.

"Nor did romance disappear from commerce with the passing of the age of discovery and the incoming of such prosaic things as steamships, railroads, book accounts, custom houses and commercial agencies. The winning of great fortunes and the losing of them, commercial crises with their tragedies of failure, the ups and downs of ordinary business to the small trader, meaning comfort for himself and those who are dear to him or sometimes a struggle with the wolf at the door—in none of these is the romantic element lacking, and wrapped up in many of them are experiences of high dramatic interest."

Mr. Conklin interestingly discussed William Patterson's India and Africa Company, organized in Scotland two hundred years ago to get possession of the Isthmus of Darien, which Patterson shrewdly realized the commercial value of; the history of the Rothschild family; Black Friday in Wall Street, and Charles Goodyear's struggles until he mastered the secret of the vulcanization of rubber, and after that to save his patents.

"The instances I have given have been among the exceptional events in commercial history," concluded Mr. Conklin. "It would, however, be a mistake to suppose that the romance of commerce is found only

in what is unusual. The existence of a romantic element is not dependent upon the magnitude or variety of the transactions involved, any more than the quality of the music is dependent upon the size of the orchestra. In the business experience of every retail dealer, small or great, there are tragedies and comedies that to him at least make the play of greater interest than many a world-watched drama.

"May the suggestion not be taken amiss—for I make it to myself as well—that it is well for us, in the rush and turmoil of business competition not to grow blind to the dramatic element in the business lives of our associates, our neighbors, our competitors, but, appreciating what they achieve or have to contend with that is out of the ordinary, to give them some meed of praise or sympathy and so to assure them that commerce is not all a humdrum exchange of commodities, but has room for romance as well."

#### **San Francisco Credit Men's Association.**

A regular meeting of this Association was held on Tuesday evening, January 26th, at the Commercial and was well attended. It is noticeable that a greater degree of interest is being manifested by the members, and the true importance of the Association in its relation to the commercial community is being appreciated.

Papers were read by Mr. Eugene L. Elkus on "Co-operation," Otto Irving Wise, Esq., on "The Constitutionality of the California Bulk Law," and Mr. Robert Haas, on "Excessive Discounts," all of which are published elsewhere in this issue.

After the reading of the papers a general discussion on various business topics was indulged in.

#### **The St. Louis Credit Men's Association.**

This Association has opened a permanent office at No. 503 Granite Building, Fourth and Market streets (midway between the Planters' and Southern Hotels).

This action has been taken principally on account of the credit men who it is anticipated will attend the Louisiana Purchase Exposition, and the courtesies of the office are at their disposal.

The office is convenient to the banks, wholesale and retail sections, hotels, etc.

A supply of stationery, literature and other conveniences will be on hand.

A competent public stenographer will be in charge of the office.



## STANDING COMMITTEES, 1903-1904.

### Legislative Committee.

Fred'k. W. Standart, Chairman, The C. S. Morey Mercantile Co., Denver, Col.  
 H. K. Milner, Milner & Kettig Co., Birmingham, Ala.  
 Hanson Crandall, California Hardware Co., Los Angeles, Cal.  
 W. H. Kent, Kent Correspondence School for Credit Men, San Francisco, Cal.  
 D. H. Miller, Gilbert & Bennett Mfg. Co., Georgetown, Conn.  
 W. J. McManus, Repauno Chemical Co., Wilmington, Del.  
 Frank S. Gray, The S. B. Hubbard Co., Jacksonville, Fla.  
 Alfred Truitt, Truitt-Silvery Hat Co., Atlanta, Ga.  
 E. L. Wedeles, Steele-Wedeles Co., Chicago, Ill.  
 Jas. V. Rush, Mackey-Nisbet Co., Evansville, Ind.  
 T. P. Smith, Turner Hardware Co., Muskogee, Ind. Terry.  
 C. P. Higman, Higman & Skinner, Sioux City, Iowa.  
 D. E. Good, D. E. Good & Co., Atchison, Kas.  
 W. H. Bradbury, Carter Dry Goods Co., Louisville, Ky.  
 Edward W. Cox, A. F. Cox & Son, Portland, Maine.  
 Chas. W. Linthicum, Linthicum Rubber Co., Baltimore, Md.  
 Jas. S. Pike, Dodge, Haley & Co., Boston, Mass.  
 Wm. C. Sprague, Sprague Publishing Co., Detroit, Mich.  
 F. J. Hopkins, Janney, Semple, Hill & Co., Minneapolis, Minn.  
 E. A. Young, Young, Finch & McConville, St. Paul, Minn.  
 Sam Rothenberg, Marks, Rothenberg & Co., Meridian, Miss.  
 Edwin A. Krauthoff, Karnes, New & Krauthoff, Kansas City, Mo.  
 Chas. S. Dickey, Letts-Spencer Grocer Co., St. Joseph, Mo.  
 L. D. Vogel, Charter Oak Stove and Range Co., St. Louis, Mo.  
 Chas. W. Russell, M. E. Smith & Co., Omaha, Neb.  
 Chas. T. Page, Page Belting Co., Concord, N. H.  
 Chas. A. McCormick, Johnson & Johnson, New Brunswick, N. J.  
 Maurice E. Preisch, Haines & Co., Buffalo, N. Y.  
 Chas. Biggs, Actuary, Hat Trade Credit Association, New York, N. Y.  
 Geo. G. Ford, Lewis P. Ross, Rochester, N. Y.  
 R. P. Richardson, Jr., R. P. Richardson, Jr., & Co., Reidsville, N. C.  
 W. A. Currie, Grand Forks Merc. Co., Grand Forks, N. D.  
 Max Silberberg, The Feder Silberberg Co., Cincinnati, O.  
 W. E. Rice, Wm. Edwards & Co., Cleveland, O.  
 W. B. Roberts, Lang & Co., Portland, Ore.

Frank S. Evans, Strawbridge & Clothier, Philadelphia, Pa.  
 D. C. Shaw, Curry & Shaw, Pittsburg, Pa.  
 C. S. Sisson, C. S. Sisson & Co., Providence, R. I.  
 Wm. Koenig, Jr., Andrew Knehn Co., Sioux Falls, S. D.  
 W. I. Moody, Orgill Bros., Memphis, Tenn.  
 W. D. Fuller, J. S. Reeves & Co., Nashville, Tenn.  
 Wm. Monnig, Monnig Dry Goods Co., Ft. Worth, Tex.  
 W. N. Foster, A. S. White & Co., Lynchburg, Va.  
 Chas. S. Goldsmith, Schwabacher Bros. & Co., Seattle, Wash.  
 F. T. Cartwright, Fostoria Glass Co., Moundsville, W. Va.  
 James McLeod, Roundy, Peckham & Co., Milwaukee, Wis.

### Membership Committee.

Philip Present, Chairman, Rochester, N. Y.  
 J. Fred Farber, Chase Bros., Rochester, N. Y.  
 John W. Fulreader, James Cunningham, Son & Co., Rochester, N. Y.  
 J. H. Lempert, Solomon Bros. & Lempert, Rochester, N. Y.  
 Th. D. Steinhause, Bolton Shoe Co., Rochester, N. Y.

### Improvement of Mercantile Agency Service Committee.

James H. Ritter, Chairman, Biddle Hardware Co., Philadelphia.  
 Chas. G. Rapp, Young, Smyth, Field Co., Philadelphia, Pa.  
 Jos. S. Potter, Folwell Bro. & Co., Inc., Philadelphia, Pa.  
 H. S. Valentine, Smith, Kline & French Co., Philadelphia, Pa.  
 Simon Kirschbaum, Ab. Kirschbaum & Co., Philadelphia, Pa.

### Business Literature Committee.

E. L. Ide, Chairman, Farrand, Williams & Clark, Detroit, Mich.  
 Walter G. Seely, Jr., Detroit Stove Works, Detroit, Mich.  
 Edward Bland, Ireland & Matthews Mfg. Co., Detroit, Mich.  
 Chas. A. Simon, Acme White Lead & Color Works, Detroit, Mich.  
 J. Augustine Smith, American Credit Indemnity Co., Detroit.

### Credit Department Methods Committee.

H. H. Nance, Chairman, Richardson Bros. Shoe Co., Nashville, Tenn.  
 R. T. Hopkins, Phillips & Buttorf Mfg. Co., Nashville, Tenn.  
 H. L. Sperry, Sperry, Handly & Walsh Hat Co., Nashville, Tenn.  
 A. H. Meyer, L. Jonas & Co., Nashville, Tenn.  
 J. L. McWhorter, Montgomery-Moore Mfg. Co., Nashville, Tenn.

# Directory of Officers of the National Association of Credit Men, and Affiliated Branches.

## OFFICERS

### OF THE

## NATIONAL ASSOCIATION OF CREDIT MEN.

1903-1904.

President—J. Harry Tregoe, Vice-President The John A. Carroll Shoe Company, Baltimore, Md.  
Vice-President—Richard Hanlon, Hanlon Millinery Co., St. Louis, Mo.  
Secretary-Treasurer—Wm. A. Prendergast, New York.  
Assistant Secretary—Francis J. Stockwell, St. Louis, Mo.

## BOARD OF DIRECTORS.

F. M. Gattys (American Clothing Company), Louisville, Ky.  
Chas. E. Meek (National Lead Company), New York.  
W. A. Given, Pittsburg Dry Goods Company, Pittsburg, Pa.  
E. A. Young (Finch, Young & McConville), St. Paul, Minn.  
F. H. McAdow (Staver Carriage Company), Chicago, Ill.  
Gustav Brenner (L. & G. Brenner), San Francisco, Cal.  
George H. Graves (Walworth Mfg. Company), Boston, Mass.  
A. H. Foote, Box 575, St. Louis, Mo.  
Chas. N. Robinson, Byrne & Hammer D. G. Co., Omaha, Neb.  
Chas. D. Griffith, The C. D. Griffith Shoe Co., Denver, Col.  
Robert McF. Smith, National Lead Co., Cincinnati, O.

## EX-OFFICIO.

President—J. Harry Tregoe.  
Vice-President—Richard Hanlon.  
Secretary-Treasurer—Wm. A. Prendergast.

## STATE VICE-PRESIDENTS, 1903-04.

ALABAMA—A. D. Bellamy (Florence Wagon Works), Florence.  
CALIFORNIA—H. S. Kirk (Kirk, Geary & Co.), Sacramento.  
COLORADO—Thos. Keely (First National Bank), Denver.  
CONNECTICUT—C. B. Dolge (The Embalmers' Supply Co.), Westport.  
DELAWARE—W. J. McManus (Repauno Chemical Co.), Wilmington.  
FLORIDA—Frank Bentley (Bentley-Gray Dry Goods Co.), Tampa.  
GEORGIA—D. H. Kirkland (J. K. Orr Shoe Co.), Atlanta.  
ILLINOIS—R. F. Harber (Harber Bros. Co.), Bloomington.  
INDIANA—Henry A. Jeffries (Kingan & Co.), Indianapolis.  
INDIANA TERRITORY—T. P. Smith (Turner Hardware Co.), Muskogee.  
IOWA—S. B. Lafferty (Red Jacket Mfg. Co.), Davenport.  
KANSAS—W. C. Chaves (Symas Grocer Co.), Atchison.  
KENTUCKY—Sam'l Ouerbacker (Ouerbacker, Gilmore Co.), Louisville.  
LOUISIANA—Albert H. Kaiser (Picard, Kaiser & Co.), New Orleans.

MAINE—Edward W. Cox (A. F. Cox & Son), Portland.  
MARYLAND—Frank J. La Motte (Chesapeake Shoe Co.), Baltimore.  
MASSACHUSETTS—Herbert E. Reid (Hathaway, Soule & Harrington Co.), Boston.  
MICHIGAN—Edmund Hobbs (Detroit Heating and Lighting Co.), Detroit.  
MINNESOTA—A. E. Clerihew (Forman, Ford & Co.), Minneapolis.  
MISSISSIPPI—Sam'l Rothenberg (Marks, Rothenberg & Co.), Meridian.  
MISSOURI—F. W. Yale (John S. Brittain D. G. Co.), St. Joseph.  
NEBRASKA—F. B. Hochstetler (Wright & Walheymy Co.), Omaha.  
NEW HAMPSHIRE—B. F. Strand (C. B. Lancaster Shoe Co.), Keene.  
NEW JERSEY—Isaac F. Roe (Roe & Conover), Newark, N. J.  
NEW YORK—Daniel B. Murphy (Burke, Fin-Simons, Hone & Co.), Rochester.  
NO. CAROLINA—Wm. C. Harris (Robt. Harris & Bro.), Reidsville.  
NO. DAKOTA—W. A. Currie (Grand Forks Mens. Co.), Grand Forks.  
OHIO—W. E. Rice (Wm. Edwards & Co.), Cleveland.  
OREGON—W. H. Chapin (W. B. Glafke Co.), Portland.  
PENNSYLVANIA—J. A. McKee (Merchant & Co.), Philadelphia.  
RHODE ISLAND—C. S. Sisson (C. S. Sisson & Co.), Providence.  
SOUTH DAKOTA—Wm. Koenig, Jr. (Andrew Kuehn Co.), Sioux Falls.  
TENNESSEE—Howard Mitchell (Chattanooga Pew Co.), Chattanooga.  
TEXAS—E. J. Gannon, Cashier (American National Bank), Dallas.  
VIRGINIA—W. H. Miller (Lynchburg Shoe Co.), Lynchburg.  
WASHINGTON—F. W. Baker (Seattle Hardware Co.), Seattle.  
WEST VIRGINIA—F. T. Cartwright (Fostoria Glass Co.), Moundsville.  
WISCONSIN—R. J. Morawetz (The Morawetz Co.), Milwaukee.

## BRANCH ASSOCIATIONS.

ATLANTA, GA.—Atlanta Credit Men's Association. President, E. F. Morgan, National Furniture Co.; Secretary, J. C. Clark, 912 English American Bldg.  
BALTIMORE, MD.—The Credit Men's Association of Baltimore. President, E. A. Davis, F. A. Davis & Sons; Secretary, Edward M. Young, Ctrlin & Fulton.  
BOSTON, MASS.—Boston Credit Men's Association. President, John R. Ainsley, Brown, Durrell & Co.; Secretary, Chas. L. Bird, 1020 Tremont Building.  
BUFFALO, N. Y.—Buffalo Credit Men's Association. President, Alfred H. Burt, Burt & Sindels; Secretary, J. J. Dolphin, Iroquois Rubber Co.  
CHICAGO, ILL.—The Chicago Credit Men's Association. President, N. M. Tribou, Longley, Low & Alexander; Secretary, John Griggs, No. 218 La Salle St.  
CINCINNATI, O.—The Cincinnati Credit Men's Association. President, A. W. Sommerfield, A. & A. W. Sommerfield & Co.; Assistant Secretary, Henry Bentley, 202 Carlisle Bldg.  
CLEVELAND, O.—Cleveland Credit Men's Association. President, F. A. Grossenbacher, The Sterling & Welch Co.; Secretary, J. L. Matchett, The H. A. Boesger Cigar Co.

**COLUMBUS, O.**—Columbus Credit Men's Association. President, Geo. T. Macaulay, G. T. Macaulay & Co.; Secretary, J. W. Howard, The Fidelity and Casualty Company.

**DENVER, COL.**—The Denver Credit Men's Association. President, C. F. Freeland, Colorado Fuel & Iron Co.; Secretary, W. C. Hall, The P. S. Hessler & Hall Mercantile Co.

**DETROIT, MICH.**—Detroit Credit Men's Association. President, Walter G. Seely, Jr., Detroit Store Works; Secretary, W. S. Campbell, No. 205 Wayne County Bank Bldg.

**EVANSVILLE, IND.**—Evansville Credit Men's Association. President, J. R. Goodwin, Goodwin Clothing Co.; Secretary, Edward Kiechle, Southern Stove Works.

**GRAND RAPIDS, MICH.**—Grand Rapids Credit Men's Association. President, L. J. Stevenson, Commercial Credit Co.; Secretary, A. B. Merritt, Valley City Milling Co.

**KANSAS CITY, MO.**—Kansas City Association of Credit Men. President, John L. Powell, Goldstadt-Powell Hat Co.; Secretary, Edwin A. Krauthoff, Karnes, New & Krauthoff.

**LINCOLN, NEB.**—Lincoln Credit Men's Association. President, M. Weil, Bank of Commerce; Secretary, Chas. F. Schwarz, Nebraska Paper and Bag Co.

**LOS ANGELES, CAL.**—Los Angeles Credit Men's Association. President, W. H. Preston, Stetson-Preston Co.; Secretary, W. C. Mushet, 323 Ballard Bldg.

**LOUISVILLE, KY.**—Louisville Credit Men's Association. President, F. M. Gettys, American Clothing Co.; Secretary, Chas. W. Chambers, 205 Union Nat. Bank Bldg.

**LYNCHBURG, VA.**—Lynchburg Credit Men's Association. President, T. M. Terry, Craddock-Terry Co.; Secretary, John L. Caskie, Jackson Bros & Watts Co.

**MEMPHIS, TENN.**—The Memphis Credit Men's Association. President, S. L. Lee, Lee & Morton; Secretary, J. C. James, 33 Madison St.

**MILWAUKEE, WIS.**—The Milwaukee Association of Credit Men. President, R. J. Morawetz, The Morawetz Co.; Secretary, H. M. Batten, Standard Oil Co.

**MINNEAPOLIS, MINN.**—Minneapolis Credit Men's Association. President, A. E. Clerihew, The Forman-Ford Co.; Secretary, M. C. Badger, Patterson & Stevenson Co.

**NASHVILLE, TENN.**—Nashville Credit Men's Association. President, H. H. Nance, Richardson Bros. Shoe Co.; Secretary, Geo. M. Thomas, American Building.

**NEW ORLEANS, LA.**—New Orleans Credit Men's Association. President, A. H. Kaiser, Picard, Kaiser & Co.; Secretary, T. J. Bartlette, B. J. Wolf & Sons.

**NEW YORK, N. Y.**—The New York Credit Men's Association. President, Chas. E. Meek (National Lead Company); Secretary, H. J. Sayers, No. 320 Broadway.

**OMAHA, NEB.**—The Omaha Association of Credit Men. President, J. H. Taylor, F. P. Kirkendall & Co.; Secretary, E. S. Rohr, 307 Merchants' National Bank.

**PHILADELPHIA, PA.**—The Philadelphia Credit Men's Association. President, C. F. Shoemaker, Shoemaker & Busch; Secretary, S. W. Severson, Room 702, No. 1001 Chestnut St.

**PITTSBURGH, PA.**—Pittsburgh Credit Men's Association. President, W. A. Given, The Pittsburgh Dry Goods Co.; Secretary, W. L. Danahey, Monongahela Bank Bldg.

**PORTLAND, ORE.**—Portland Association of Credit Men. President, W. O. Munsell, Moline-Bain Co.; Secretary, W. L. Abrams, Allen & Lewis.

**RICHMOND, VA.**—Richmond Credit Men's Association. President, George L. Pender, American National Bank; Secretary, Jo. Lane Stern, 1014 East Main St.

**ROCHESTER, N. Y.**—The Rochester Credit Men's Association. President, Jos. Farley, E. P. Reed & Co.; Secretary, Edward Weter, Yawman & Erbe Mfg. Co.

**ST. JOSEPH, MO.**—St. Joseph Credit Men's Association. President, R. O. McBride, C. D. Smith Drug Co.; Secretary, F. E. Curtis, Quentin-Knight Millinery Co.

**ST. LOUIS, MO.**—The St. Louis Credit Men's Association. President, H. V. Kent, Kent & Purdy Paint Co.; Secretary, A. H. Foote, P. O. Box No. 575.

**ST. PAUL, MINN.**—St. Paul Credit Men's Association. President, George Sommers, Jr., George Sommers & Co.; Secretary, H. W. Parker, Merchants' National Bank.

**SAN DIEGO, CAL.**—The Credit Association of San Diego. President, Simon Levi, 400 Fifth Street; Secretary, Sam Ferry Smith, 1047 Fifth Street.

**SAN FRANCISCO, CAL.**—San Francisco Credit Men's Association. President, G. Brenner, Elkus, Brenner Co.; Secretary, Ben Arner, No. 535 Parrott Bldg.

**SEATTLE, WASH.**—Credit Department, Merchants' Association. President, Jas. S. Goldsmith, Schwabacher Bros & Co.; I. H. Jennings, Asst. Secty., 413 Bailey Bldg.

**SIOUX CITY, IA.**—Sioux City Bureau of Credits. President, C. P. Kilborne, International Harvester Co.; Secretary, Geo. W. Scott, Crane Co.

**WICHITA, KAN.**—Wichita Credit Men's Association. President, J. B. House, Lehmann-Higgins Gro. Co.; Secretary, Frank Redfield, C. E. Potts Drug Co.

**YOUNGSTOWN, O.**—Youngstown Credit Men's Association. President, T. N. Stitt, The Youngstown Dry Goods Co.; Secretary, W. R. Packard, The John H. Fitch Co.